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Daily Report
Latin America

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Cuba

Cuba: Nationwide Military Exercises Planned for 2 Apr

PA0204040196 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 2 Apr 96

[From the "NTV" newscast]

[FBIS Translated Text] The Armed Forces Ministry has announced that tomorrow, Tuesday, from 1500 to 2200, the nation's anti-air defense units and the Revolutionary Air Force will carry out a nationwide exercise.

For this reason there will be troop movements and combat plane flights over the capital and the country's main cities as well as at economic and military objectives.

The people will hear explosions and shooting in all provinces, except in Havana.

Cuba: Bolanos Cited on Latin American Support for Nation

PA0204040896 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Apr 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The governments of seven South American countries have rejected the Helms-Burton law, a visiting delegation of the Cuban Foreign Ministry has reported. Reporter Jose Mayo offers more details from the international news department.

[Mayo] Cuban Deputy Foreign Minister Jorge Bolanos today said that in his current tour through Latin American countries, it was again demonstrated that Cuba is not alone. He also said that his talks with several South American foreign ministers and even Bolivian President Gonzalo Sanchez de Losada and Colombian President Ernesto Samper revealed rejections of the Helms-Burton law with which the U.S. Government intends to tighten the embargo against Cuba. Bolanos said that these two South American presidents expressed support for the Cuban people in their struggle to defend their sovereignty and independence.

During his exclusive remarks from Mexico City for this newscast over the telephone, Bolanos described as positive his tour through seven Latin American countries, because, he said, he found understanding and support for Cuba's position of reporting and condemning the Helms-Burton law. Bolanos said he found no disagreement with the Cuban people's attitude regarding Washington's policy of increasing hostility toward Cuba. He reported that this afternoon he will meet with the members of the Mexican Chamber of Deputies' Foreign Relations Committee. Tomorrow, he will meet with Mexican Foreign Secretary Jose Angel Gurria to discuss the Helms-Burton law's negative consequences for the international community. Bolanos visited Chile, Bolivia, Argentina, Uruguay, Brazil, and Venezuela, and will finish his tour in Mexico the day after tomorrow.

Cuba: Caribbean Companies Said Interested in Trade Ties

PA0204040296 Havana PRENSA LATINA in Spanish 1921 GMT 1 Apr 96

[FBIS Translated Text] Havana, 1 Apr (PL) — Businessmen from 14 Caribbean companies today initiated talks with their Cuban counterparts. This has been viewed as evidence of a willingness to do business with Cuba despite pressures stemming from the Helms-Burton law.

The anti-Cuban legislation promulgated by Washington in March establishes penalties on businessmen who either invest in or do business related to properties nationalized from North Americans in 1960. The law bars penalized businessmen from having access to the U.S. market and denies U.S. entry visas to those businessmen and their relatives.

Earle Baccus, executive director of the Agency for the Development of Caribbean Exports [Agencia de Desarrollo de las Exportaciones del Caribe — ADEC], has declared that this visit, the first of its kind to Cuba, is clear evidence of the lasting relations the Caribbean islands want to develop with Cuba.

The ADEC official said that tobacco, cement, nickel, construction material, fruits, juices, and some fertilizers represent the Cuban products that attract the most interest.

Regarding the U.S. law, Baccus said the dissuasive effect of the Helms-Burton law is based, fundamentally, on the threat to deny to executives and their relatives visas to enter the United States, as established in Chapter Four of that law.

The decision to come to Havana was not bureaucratic, Baccus said, it is a response to the agency's policy to support trade with Cuba.

Cuban Vice Foreign Trade Minister Orlando Hernandez Guillen has stated that in 1995, trade with the Caribbean islands — including the English-speaking Caribbean, the Dominican Republic, and Haiti — and with Belize, Guyana, French Guiana, and Suriname, amounted to approximately $300 million, 70 percent of which corresponded to Cuban purchases of oil and lubricants.

He said that the most dynamic fields of development are sea and air transportation. Right now, three Cuban shipping lines are servicing the Caribbean and Cuba's civil aviation is coordinating itineraries with Caribbean airlines, expanding the flight frequency and destination.

Hernandez acknowledged that the Caribbean is a priority market for the development of Cuban exports, especially nontraditional exports, in particular those from the pharmaceutical and biotechnological industry. Those countries, he added, have been an important source of oil and oil by-products in recent years.

Cuba: Comparative Version of PCC Report to Party Plenum

PA0104145996 Havana PRENSA LATINA in Spanish 0443 GMT 31 Mar 96

[Comparative version of report of the Cuban Communist Party (PCC) Politburo approved at the fifth PCC Central Committee plenum in Havana on 24 March — originally filed from Havana Radio and Television Networks as PA2803192996 and adds; explanatory notes describe differences from the Havana Radio and Television Networks version]

[FBIS Translated Text] Comrades: [PRENSA LATINA version omits introductory word] It is rare for events to be so important as to warrant a Central Committee meeting. Our people have demonstrated patience, sensibility, strength, and decisiveness in defending their sovereignty, airspace, and maritime space. The monstrous Helms-Burton law creates tension and threatens U.S.-Cuban relations. Recalcitrant forces espousing a neofascist ideology drafted this legislation, the same forces that defeat the causes of the poor at home — particularly those of blacks, Hispanics, and immigrants — and hope to secure the U.S. multimillionaires' absolute supremacy over every country in the world.

The anti-Cuban mafia in Miami also endorses this neofascist ideology: It is the perfect lackey to carry out Washington's miserable plans regarding Cuba's recovery. They would receive the property that they claim as their own but that is currently in the hands of its legitimate owners — the Cuban people, who built it up with their sweat and blood — as a reward.

Cuba does not see this law merely as a mechanism for tightening the cruel blockade we have been suffering for more than 35 years. It is more than an open and declared economic war: It is a detailed criminal plan of action aimed at forcing our people to surrender through starvation and disease. This enslaving law seeks to deceive, confuse, and disarm those among the population who they consider most vulnerable through an increase of radio propaganda and other media of ideological diversion included in the so-called Track Two. It is meant to inspire and finance small groups of traitors inside the country and their petty bosses, some of whom the powerful U.S. media have turned into figures known the world over as leaders of a so-called great internal dissidence which merely exists in their wildest dreams.

This fascist law aims to lay the proper groundwork for, quote, military-humanitarian action, unquote, under the UN flag, if possible, or by way of a unilateral U.S. decision. The military action to which this wild policy may lead is even mentioned in the Helms-Burton law itself, although like its foiled predecessor — the Torricelli law — it is also [Havana Television and Radio Networks version does not contain last word] disguised as a, quote, peaceful transition, unquote. We cannot say that the Pentagon even prefers this policy: It has duly noted that our country poses no threat to U.S. security and that the United States could face a new Vietnam in Cuba, especially in terms of the high numbers of projected casualties.

We improve on our defenses every day, based on the military concept [Havana Television and Radio Networks version says "doctrine"] of the War of All the People. We are working on restoring, remodeling, and reorganizing our economy. We must also continue to review the country's social and political situation and derive from this review the ideological work that our Party should carry out in this special period in peacetime.

The U.S. blockade, the collapse of Europe's socialist community, and the dissolution of the USSR forced us to take economic steps in the last five-year period that had already been considered. These steps have prompted changes that our society has been awaiting. The number of workers in state-owned production and service centers has declined as a result of the closing, the drawdown, or the reduction of activity in most branches of the economy.

Agricultural workers on all sugarcane plantations and most agricultural farms — an important working class group — have formed cooperative working units, which collectively own the means of production and what is produced on state-owned land that has been divided up for their use.

More than 200,000 citizens have already registered as self-employed workers and have adopted the self-employed way of life. The number is certainly higher: Thousands are illegally self-employed in one way or another. The number of self-employed workers will certainly grow in the short term, since the unavoidable struggle for economic efficiency demands that inflated personnel rosters be trimmed of excess workers.

Although the sugarcane and agricultural production may take a part of laid off workers, not all would be needed if we consider that also in this area the principle of the increase in productivity of direct workers [obreros directos] and the layoff of indirect workers [obreros indirectos] will be followed, reducing their number to those essential.

Meanwhile, for one reason or another, not everyone who has been laid off has agreed to take an agricultural job. The Revolution is having to accept high self-employment levels in some areas, because the state cannot guarantee work for everyone and because work is the path to wealth within socialism. This work offers many Cubans the chance to make a living legally, to increase their income if they already have a set occupation.

Those who are honest and self-employed benefit the economy in two ways, namely through the progressive taxes they must pay to the national treasury and by providing various services that state enterprises cannot provide or cannot provide to the degree that is necessary. These self-employed workers are the ones who should be most interested in weeding out the profiteers, the thieves, and those who violate tax or health laws — that is, anyone who aims to profit off the needs of the people and the hardships of the special period.

The number of individual peasants is on the rise. A privileged economic situation has encouraged the children and other heirs of current owners to gradually replace them. Meanwhile, the correct policy giving idle land to families who wish to work on them in usufruct in places where there are no conditions to create UBPC's [basic cooperative production units] and cooperatives, especially for the cultivation of coffee and tobacco, is another factor that increases the number of private farmers.

The psychology of private producers and of self-employed workers, in general — due to the nature of their personal or family work and the source of their incomes, the particular marketing of the products or services they provide — leads to individualism and is not a source of socialist awareness.

Self-employment in the countryside and the city [Havana Television and Radio Networks does not contain last six words] could have some negative side effects, among others: the rebirth of old types of crime and promotion of new ones; people acquiring and hoarding goods during a period of shortages; the establishment of bases for gatherings, associations, and actions in an organized manner independently from the state that could constitute a breeding ground for the enemy's subversive work.

We must not forget that the fate of self-employed workers and that of the individual farmers is, generally speaking, linked to the fate of everyone else in the fatherland. We should secure their place among the workers within our ideological framework. This is a battle of ideas. We must ensure that they comply with trade laws and regulations and monitor their activity. We must ensure that they make their contribution to the country's economic development; in the end, this will benefit them as citizens and as producers.

Severely punishing those who break the law should make it clear to everyone that crime has no future within a socialist society. We must ensure that our network of information is adequate. Income not linked to murky businesses, even those involving large sums, are and will be respected as long as they comply strictly with our laws and provisions.

A majority of those peasants who are not involved in production within the cooperatives — to whom the Revolution gave land and freed from exploitation, ignorance, unhealthy conditions, and destitution — have managed through honest work to gain enough resources to live a reasonable way of life. Others make a comfortable living, better than that enjoyed by the average worker. The few counted among the most prosperous — in terms of the size or quality of their land, the very nature of their work, or the opportunities that their line of work offers — coupled with their business acumen and lapse in scruples in striking any kind of transaction — even murky or openly illegal ones — accumulate large sums of money either to invest in new businesses or to save.

This group of peasants and part of the [Havana Television and Radio Networks does not contain last four words] self-employed workers in the cities, as well as the so-called middlemen, constitute what is known as the new rich. Consequently, we must persist in ensuring that they strictly comply with the law and pay the progressive income tax.

A significant number of individual peasants have become true examples of producers and patriots. Some of them have even served as advisers to state agriculture. The agricultural-livestock cooperatives, CPA, which tens-of-thousands of former individual producers established, are generally characterized by their efficiency, good living conditions, and great contributions to the country's economy.

The special period's effects in peacetime include not only layoffs and less work for thousands of people working in state-owned enterprises but also higher youth unemployment rates, as hundreds of thousands of youths reach working age every year, the Armed Forces demobilize personnel, and workers continue to be laid off. The country had not experienced this in the 25 years preceding the special period. It left a definite impression on some youths, particularly those who demonstrated psychological and sociological behavior very common at that early age. This led thousands of them, lacking perspective and the necessary patriotic awareness, down the path of economic emigration. Radio broadcasts from Miami and the arms that the United States held open to them for more than 35 years encouraged them.

The emigrants came from all walks of life, from professionals and technicians — who are not necessarily enemies of the Revolution — to criminals, adventurers, and others who oppose our social system. This attitude is reproachable, especially when we consider the integrity with which most youths in the work centers, classrooms, the Revolutionary Armed Forces, the Youth Labor Army, and at the Interior Ministry, in the agriculture sector [Havana Television and Radio Networks version does not contain last four words] and in the fields of art, culture, science [Havana Television and Radio Networks does not contain "science"], and sports fulfill their duties exemplarily [Havana Television and Radio Networks does not contain "exemplarily"], serve as a pillar of the Revolution today, and guarantee the fatherland's future as a sovereign nation.

Lifting restrictions on the dollar — another new problem — helped ensure not only that more people would be able to receive cash remittances from their relatives abroad but also that those receiving these remittances were better off financially, given the purchasing power of foreign exchange in light of the Cuban peso's value. There is a certain inequality with regard to the rest of the population. This also furthers the propaganda in favor of the U.S. consumerist society and exerts a direct and negative influence on beneficiaries. We cannot ignore the fact that the growing legal access to foreign exchange, including the dollar, tends to bring about a change in some of the values of people in specific circles, including the youth.

There are those who opt to abandon important jobs — teachers, engineers, etc. — for jobs requiring fewer professional skills, like tourism industry jobs. They can resolve certain shortages, even though this entails not contributing to the country their knowledge and experience in such necessary and dedicated professions as those just mentioned.

Renting rooms or entire homes to tourists or foreign residents has also been another source of private income, especially in Havana City. Their owners, who practically without exception received them from the revolution, earn income in foreign currency. This is another modality that very often results in a disproportionate amount of income. In the future, they must also comply with their social duty of paying taxes. The development of tourism, the arrival of hundreds of thousands of foreigners who visit our country each year for that purpose, is another phenomenon that has an undeniable influence on our inhabitants.

Of course, generally speaking, this is what tourists are: travelers who wish to get to know places and who want to rest. Undoubtedly a number of them, with their visit express their liking for Cuba and its people, without forgetting that because they come from capitalism they are carriers of ideas from a consumer society. It is clear that the influence is reciprocal, just like it happens in all social relationships.

There is no doubt that this presents us with a challenge: the emergence of prostitution [jineterismo] is the most visible and humbling result of this phenomenon, but is not the only negative aftermath brought by tourism. From the point of view of ideological penetration, which doubtless was harmful to a certain extent in relation with certain people, the visits of Cubans from the United States to their relatives in Cuba and vice versa, which have increased and are likely to increase in the future if it is not made difficult by the slavery law, is due to the facilities offered by our government with its policy of making relations, with that segment of inhabitants of Cuban origin who live abroad, more flexible.

Emigration cannot be considered as a monolithic bloc of traitors to the fatherland that side with the blockade and the overthrow of revolutionary power. Those who comprise the mafia of people without a fatherland, and are in positions of extreme right and are allied with the Yankee ultraright, to a great extent manipulate the Cuban emigration in North America. Another growing minority of brave emigres defends Cuba. A great mass only seeks to contact their relatives and live in peace with their country of origin.

The growing presence of foreign capitalists who establish joint enterprises in Cuba, also leave a mark in our workers' conscience. In most cases, the basis of the associations is regulated by certain clauses, which are naturally specified by us, which favor working conditions and remuneration. A simplistic person could infer that the treatment capitalists offer its workers is better than what he receives from socialist state enterprises. Thus, he may conclude that capitalism is better or at least is not as bad as we describe it. This then becomes a pole of attraction and admiration toward this type of enterprises, which may weaken some of our workers in the same measure as the feeling of nationalism and anticapitalism.

Another aspect that needs watching is the possibility that Cuban officials may defend national interests ineffectively when doing business with foreigners, and the latter may even use corrupt means. We have had bitter experiences with this. Bribery and corruption go hand in hand when doing business with capitalism. Certain foreign firms offer sales commissions, gifts, sums of money, etc. to their opposite numbers, who are members of the Cuban state. To this we need to add the little experience of our officials in the negotiating activity and the few economic controls we have had.

We have to say that corruption has been evident in certain mid- and lower-level officials.

Unemployment and scarcity increases the number of lumpen and crime. This is the case of prostitution and its aftermath of pimps, etc. The struggle against these elements continues, even though we are far from winning. The current social picture would not be complete if we do not refer to the hardships of the great majority of our people, who have suffered and continue to suffer in these years of the special period. Food shortages, blackouts, transportation problems, practically a total lack of clothing and shoes, a worsened housing problem; a phenomenon we have carried forward from the past and to which we have made heavy investments that were suddenly interrupted by the special period; a reduction of electric repairs to home appliances, a situation that was in deficit from before; the shortage of such necessary products as soap, and other articles for personal hygiene.

The material shortages that affect our health and education [Havana Television and Radio Networks version does not contain "and education"] system, including medicines and training, have meant for our unselfish people five long years of unprecedented needs and a harsh decline in the living standards we had attained during the 1980's. Despite the economic crisis in Cuba and thanks to the actions by the socialist state, we have not been forced to close one single school, hospital, child care center, or home for the elderly, and we have been able to maintain the health and education levels admired all over the world.

To these material shortcomings, we must add the political discouragement and confusion that followed the collapse of the East European socialist system, particularly the disintegration of the Soviet Union, and the intensification of the psychological war by the greatest superpower in a unipolar world. This superpower has aimed all its propaganda means against our small island in an extremely disproportionate manner. In 1995, for instance, this superpower devoted tens of thousands of hours of radio transmission every month through numerous [Havana Television and Radio Networks version says "15"] enemy stations. This overloading of our airwaves by radio stations from the United States with programs in Spanish, designed specifically for the Cuban audience, has not been enough for them. The United States wants us to imitate the traitors of the former socialist bloc, which allowed the transnational corporations to acquire part of the media in their countries.

In its normal cynicism, the U.S. imperialism demands what its own system does not allow its opponents. Who controls the press, the radio and television stations in the United States? Never in the world's history, in proportional terms, has a people been subjected to such an overwhelming load of insidious, untruthful, and subversive propaganda. We must also mention, as this is a joint ideological offensive, the significant role of U.S. diplomatic and consular representatives and officials of U.S. agencies [clarifying indistinct word in Havana Television and Radio Networks version] in the U.S. Interests Office (SINA) [clarifying indistinct word in Havana Television and Radio Networks version] in Havana or under a transient status, as well as any official from other countries. In this respect, we are witnessing a not so diplomatic diplomatic conduct. These people are sent to the various provinces in an attempt to seek information and infiltrate the so-called intellectual groups, namely, teachers, medical workers, and young people, all of whom are deemed to be the most vulnerable sectors.

In short, there is a contrived spectrum of activities that comprise all the sectors of our society and are designed to divide, confuse, and ideologically infiltrate with a view to destabilizing us. If we bear in mind all the adverse factors, material and ideological, that have afflicted our people; and our existence as an independent, organized, fair, and solidaristic nation; as well as the solid support given to our revolution, social system, and historic course, led by our commander in chief; there are ample reasons to affirm that we have a people that, although similar to other people in the world throughout the history of humankind, has no parallel as far as our fighting spirit, capacity to resist, moral values and solid principles. [applause]

Based on this general conclusion, of which Cubans can feel very proud of and the rest of the world astounded, our friends voice their admiration and most fervent support while our enemies scheme new and more criminal plots to crush us. Therefore, it is extremely important that we analyze the extent and the manner in which the people, in their different classes and levels, age groups and geographical locations, understand our policy and what we should do in the ideological arena. The electoral results constitute the most general proof of the widespread support for our policy, and the weight of those who disapprove it for different reasons.

The problem with elections, as it is with democracy, is that there are two realities: ours and that of other countries. We do not deny other processes and conceptions; however, life has proven that our elections are genuinely democratic and honest and that people fully support them. Not even our party intervenes in them, except to ensure that people are their only protagonists. In no other country, except Cuba, this constitutes a true plebiscite on the special system and its leaders. It is truly a reliable plebiscite, because votes are on a voluntary basis, secret, and scrupulously counted. There is not any electoral campaign favoring a candidate, except to make public his resume to inform the entire electorate. Not a single of the repugnant vices that we were familiar with in Cuba [Havana Television and Radio Networks version adds "from 1992... (pauses)"] from 1902 to 1958 takes place here. We currently see them in almost all the countries of the world, especially in the United States, where money, propaganda, demagoguery, the recruitment of activists and their entire politics, the purchasing and selling of votes, fraud, and the sometimes high abstention rate are the most notable characteristics. [PRENSA LATINA version adds the following] In the 24 February 1993 elections, in the midst of the special period, at its height, 99.57 percent of the voters cast their ballots. Regarding the deputies' elections, only 3.04 percent cast blank votes, and 3.99 percent voided the ballot. Furthermore, 95 percent of those who voted that year responded positively to Fidel's call to vote united, as an act of justice toward lesser known deputies, and to prove the revolution's unity and firmness. [PRENSA LATINA addition ends]

The more recent elections held in July 1995 to elect the delegates to the municipal assemblies elapsed as the previous ones, without a single incident despite the accumulation of economic woes and the proximity in days [Havana Television and Radio Networks version does not contain the last two words] to the air and maritime provocations concocted in Miami.

On this occasion, 97.1 percent of the electorate voted. The amount of blank votes was 4.3 percent, and the number of void votes, 7 percent. These two amounts totalled 11.3 percent. These figures eloquently show, without any doubt, that more than 85 percent of the voting population support the revolution and its democratic electoral system. This is the case despite the conditions of five years of special period and the increased propagandistic assault by the enemy. Imperialism has undoubtedly failed to change the deep economic crisis the country has experienced in the last five years, into [Havana Television and Radio Networks says "amid"] a destabilizing situation with the objective of subduing the revolution.

What other country in the world has so much support? In what other country in the world do masses of citizens voluntarily exercise their right to vote and do it largely favoring their government? [PRENSA LATINA version adds the following comments] This does not mean that the great political success will lead us to forget what remains to be done because, while the number of blank and null votes in most of the provinces was low or very low, in some it was higher, which explains the 11.3 percent reported at national level. [PRENSA LATINA addition ends] On 5 August 1994, there was a counterrevolutionary disorder in Havana neighborhoods staged by the lumpen as a shock force. They were organized to hijack vessels in an attempt to illegally leave the country, and supported by the United States, which was frustrated over the awakening and promotion of working people without any sort of weapons and with the commander in chief as their leader. A year later, the large youth demonstration to mark that battle represented another kind of plebiscite, a street plebiscite. If we were bourgeois politicians, we would resign ourselves to the electoral victories, and we would be concerned only about public opinion regarding those matters that could adversely affect us or benefit us in the next elections. However, we are communist politicians, and our party is not an electoral party to merely mobilize people. Its permanent action and duty is to seek people's comfort, defend the nation's independence and economic and social development, and strengthen our ethical values.

I must say that although there are more ideological problems in our country's capital, relatively speaking, most of the revolutionary population have proven their strength. The working class is combative, it opposed tyranny, and faced the missile crisis, the struggle against bandits, and internationalist delegations in the Bay of Pigs. In addition to this, it is impossible to forget, among other things, that aside from having participated in all the above [Havana Television and Radio Networks version does not contain last eight words] the capital's youths played a very remarkable role in the literacy campaign. We currently notice a favorable change of spirit in the people. However, we must continue to exalt the revolutionary spirit.

Domestically speaking, 1993 and 1994 were the most serious years of the special period both from the social and economic standpoints and considering the foiled foolhardy attacks by the domestic counterrevolution, which speculated that the following years would be even worse for the revolution. In this context, the enemy thought it was possible to destabilize the country.

We witnessed vandal actions, the crisis of the rafters, and others. By 1995, however, a noticeable economic change started; it constituted the beginning of a difficult and long process of recovery.

Consequently, in the domestic front, there is widespread calm, and people feel better. This is precisely what explains the desperation of the thugs in Miami and the pressure the entire Yankee ultrarightist movement exerted to approve that completely illegal international law, which is detrimental even to the interests [Havana Television and Radio Networks version does not contain last two words] businesses and a large segment of the U.S. media, as well as to the opinion of all countries. This has been reflected in the recent trips by our first PCC secretary, trips that are a lesson [Havana Television and Radio Networks version adds "how we must ... (pauses)"] on how we can and we must combine our opening economic front and the ideological strength.

This and the upcoming years will be taut; the enemy no longer waits for the logic objective of internal development to favor it. This is why we could expect adventurous actions not of sabotage and promotion for larger blockade policies, which they have already done, but of aggression by its agents. To be honest, the scarce elements that are beginning to emerge as a domestic opposition, which we will never heed because they aspire to become an evil, do not constitute an ally on which the enemy could count. People not only hate them; they also ignore them. Fighting these factors, which in fact constitute a natural ally of the counterrevolution, social indiscipline, the theft and killing of cattle, burglary, and crime, more resolutely is in our hands. This is why most of us must do more to preserve the socialist order.

In addition, disorder is not compatible with such a sheer revolutionary process as ours, the most elevated aspiration of which is to have a society [Havana Television and Radio Networks version says "people"] better comprised of better human beings, who understand that deep down our ideology is entrenched in all economic battles, political struggles, and confrontations with parties alien to socialism with which we must live without allowing them to harm social awareness to a great extent.

There are two opposing ideologies. This plenum precisely seeks to expedite, improve, and place at an essential level the political and ideological work. This will translate into actions by each and every one of the fronts in which the revolution wages its battles until winning or dying.

As a reminder of those difficulties, because our levels of awareness, spirit of devotion, and confidence in our historic future are not and cannot be equal, we have perceived a significant potential for migration. Many people are willing to attempt to leave the country by a variety of means. The Miami mafia is aware of this and will continue to encourage it in their irrevocable eagerness to destabilize Cuba and consistently heighten tensions between the United States and Cuba.

Now, what is the people's main concern at present? The people's number one daily concern is food. Therefore, the decision by our party and government to make the production of food our main priority is totally fair. Full attention must be paid to our priority problem. This is our policy, it is our strong defense of our ideology.

Our country has to import food and raw materials for conversion here, and for this it spends over $700 million annually. This foreign currency is obtained from, among other sources, sugar exports. Thus, in addition to food, sugarcane and sugar production are priorities.

I would now like to underscore that these two foremost requirements for the country, food and the production of sugarcane and sugar, explain the measures we have adopted over the years, such as the creation of the Basic Cooperative Production Units. Without anyone demanding it, the revolution distributed slightly more than 3 [Radio and Television Networks version says "4"] million hectares among worker organizations so that they could cultivate them; it distributed unused lots to families that wish to cultivate them, and it created the farmers' markets, reorganized the entire fishing sector, authorized the self-employed to prepare and sell food, and so forth. All of this to increase the production and distribution of food.

It is useful to remember that the farmers' markets were created as an incentive to increase farm production and to combat the underground market by economic means. In contrast with the earlier Farmers' Free Markets, the current market is used by, besides individual producers, socialist organizations or, in other words, the CPA's [Agricultural-Livestock Cooperatives] [clarifying indistinct word in Havana Television and Radio Networks version, providing expansion] the non-sugarcane UBPC's [clarifying queried word in Havana Television and Radio Networks version], and state farms, if they have fulfilled their contracts with the state.

Thus, there will be more products at the farmers' markets as well as in the state food distribution network when the UBPC's, CPA's [Havana Television and Radio Networks says "DPA's"], state institutions, individual farmers, public organizations, and self-supply gardens can continue raising production and strictly fulfilling their individual duties toward the state.

The participation of state and cooperative units in the farmers' markets will lower prices in general. Prices will also be influenced, indeed they already are, by a decrease of currency. It is a matter of devoting more time and effort to production.

The importation of oil, which is vital, also demands a great deal of foreign currency, as do food, medicine, raw material for the manufacturing of clothing and shoes, supplies, aggregates, and replacement parts for industry, farming, and transportation. All in all, we need foreign currency to purchase all of the things that we do not produce but need.

The shortage of convertible foreign currency is the leading problem of the national economy; therefore, it is extremely important for us to increase all our exports of sugar, nickel, tobacco, seafood, citrus products, medicines, coffee, and rum, just to mention our leading exports. We must replace imports with everything we can produce competitively in Cuba. All those who understand this need for foreign currency will understand the development of international tourism as the growing source of foreign currency. They will understand the creation of mixed enterprises and other types of joint ventures with foreign capital, which also provides technology and markets to Cuba. They will understand the depenalization of the dollar and the creation of a chain of special stores to attract dollars. Due to the inequity it entails, we must explain this last point exhaustively, graphically, with simple and understandable cases to facilitate understanding of this issue. [Havana Television and Radio Networks version says "to all those who need to understand" instead of "to facilitate understanding of this issue."]

We must mention the production of milk, which has dropped abruptly, as we no longer had the raw material for fodder we imported from the Soviet Union. This circumstance forced us every year to import a large amount of powdered milk to guarantee at least one liter a day for children up to the age of seven. The price of powdered milk surpasses $2,200 per ton. This ton gives us 10,000 liters of milk; each liter of milk is reconstituted. Not including other expenses, each liter costs more than $0.22 [Havana Radio and Television Networks version says "$0.29"] in addition to the powder. If we add up the freight, energy, fat, containers, etcetera [clarifying indistinct words in Havana Television and Radio Networks version] and so on, we would conclude that every three liters [clarifying indistinct words in Havana Television and Radio Networks version] of milk cost practically [Havana Radio and Television Networks version does not say "practically"] $1. The profits earned from the sale of $5,000 worth of products at our special foreign currency stores give us the necessary resources to purchase the powdered milk required to provide 1 liter of milk per capita [Havana Radio and Television Networks version says "per day"] to 10,000 children in one day [Havana Radio and Television Networks does not contain last three words]. Once subsidized, this liter of milk is sold at 25 Cuban cents, and the state receives only 1 cent per liter, considering the current exchange rate in the domestic market.

We are making the recipients of remittances sent by relatives from abroad or anyone who has dollars to buy at these special foreign currency stores in order to help sustain a fair, humane, and vital act as providing milk for our children in their early years or any other indispensable need of the country; this is why prices at these stores are relatively [Havana Radio and Television Networks version does not contain "relatively"] high. Their purpose is to attract foreign currency and to earn the largest possible profits so we can use them to resolve the problems of the people. Among other economic considerations, this point is also why the holding and use of dollars was depenalized. Just as the recently established exchange offices, this move has helped fight the black market for foreign currency.

A major campaign that has been waged recently and which has not been accomplished yet is the cleansing of domestic finances. The amount of money in the hands of the people grew to unmanageable proportions for the normal operation of the national economy. The main cause for this situation was our equitable policy of not disowning anyone just as hundreds of thousands of workers were left idle in the wake of the special period. The prevalent, neoliberal capitalism resolves this problem in a heartless manner, its formula being every man for himself. Our socialist system would cease being what it is if it did not look after each one of the 11 million Cubans. For these same reasons, it is everyone's task to resolve the country's problems.

The market plays a role in implementing this solution, especially the national economic plan. Without a plan [clarifying indistinct words in Havana Television and Radio Networks version] and the preeminence of the state to guarantee it, there is no socialism, and there can be no socialism. The existence of such heterogeneous economic sectors demands the strictest regulations to ensure that each sector will play its assigned role in the type of economy it is forging; this entails the need for a group of legal measures and regulations with the relevant organizations, the timely adoption of every new regulation called for by social practices, and a more effective supervision to ensure compliance with every established rule. In addition, it entails the need to establish moral and ethical principles to guide the conduct of all the officials and sectors of the economy.

The organizations of the state's central administration, particularly the Finance and Prices Ministry and the National Audit Office, the people's government organizations responsible for ensuring compliance with each one of their corresponding measures, and police officers shall act against criminals and offenders. In addition, the prosecutor's office and the courts shall act in keeping with their own duties to prevent and to penalize tax evasions as well as other economic crimes and corrupt deeds in this area. To succeed, this permanent struggle requires the closest coordination and cooperation among all the concerned organizations. The control and demand for discipline must guide all the activities undertaken by the party and the government.

A broad debate by the people preceded the well-known measures adopted to cleanse the finances. Our National Assembly of the People's Government, which represents all those who elect it of their own free will, began studying the matter and has proposed the possible solutions. The labor assemblies were the ones, however, that have enabled millions of workers to reflect, decide, and state their opinion for this cleansing process to become a mass movement, a work by the masses. Not only do the workers approve and accept the decision to pay higher prices for certain articles; they also have agreed to struggle at each center to increase production at a lower cost and to eliminate the subsidies; this constitutes an excellent example of how a socialist democracy works and how our ideological work should be.

This ideological work in the bosom of the most revolutionary and leading class of the socialist society is being prolonged by the discussion of the thesis [clarifying indistinct words in Havana Television and Radio Networks version] of the 17th Congress of the Cuban Workers Federation. The rejection of capitalism and the support for socialism are the keynotes of the assemblies to discuss the thesis [clarifying indistinct words in Havana Television and Radio Networks version] discussion assemblies. The document itself analyzes the nation's problems from the viewpoint of the leading class, which identifies the state as its own. It describes the state as the socialist state of the workers and all the people, a state that works for itself and for the people. The workers are willing to take the necessary sacrifices to save the revolution and to move toward the solution of the special period with a clear awareness of the concessions we have been forced to make, even at the inevitable expense of creating inequity. The workers are determined to preserve the conquests of socialism and the independence of the motherland.

Each one of the assemblies has had a constant; that is, the broadest discussion on how to achieve at the workplace the most diverse initiatives to increase savings, productivity, efficiency, the reduction of costs, the best use of time at work, the establishment of a rigorous accounting system, labor and technological discipline, the creativeness of innovators and efficiency experts of the technical youth brigades, and the fight against the misuse of resources and theft.

Workers' organizations comprising blue collar workers and intellectuals have clearly spoken in favor of maintaining their social system, revolutionary power, and for doing their share of the recovery of the economy. The ideological work of the party and the state cannot be schematic, general, or dogmatic, something which it often is, because the idea is to motivate the people, and this motivation must result in changes in the way of thinking and performance of the people.

There is room for any kind of routine ideological work, because it is either us who will motivate the people, or the enemy, the open and conniving enemy of the revolution and the nation, will do it. In ideological work, one must always determine at whom the effort is aimed. A blue collar person or organization and an intellectual are not the same, and this is also true for a peasant and a worker, a doctor and a housewife, the old man who knew the ills of the capitalist past or who has participated in various victorious efforts since the revolutionary victory, and the young man with many questions and concerns.

We must also give political consideration to present and future circumstances. There are moments for barricade type tirades, and there are moments for soft talking also. The ideological debate among revolutionaries within institutional frameworks must continue to be an instrument of unparalleled value in our work. [Havana Radio and Television Networks version does not contain the last sentence] We must not have one way of speaking only. We must speak in many ways linked by patriotic and revolutionary principles. A fundamental aspect is common to everything. We must do away with the predominant belief of many good revolutionaries. I answer only for myself. Patriots, communists answer for others as well. They try to win others to their side. What happens is that when a vanguard attitude becomes necessary, be it at work, during a mobilization, a watch, etc., some say everybody in all neighborhoods and organizations must adopt this attitude, but their concern is limited to them not failing to comply with their obligation. This satisfies them as militants, and some even ask that this be considered a merit, but they did little or nothing to have people on whom they could have exerted influence, even people they do not know, comply with their duty.

The results of an investigation into party work carried out for over a year [Havana Radio and Television Networks version says "18 months or two years ago" instead of "for over a year"] reveal that it is necessary for issues to be discussed by municipal bureaus, and party rank and file organizations should give more emphasis to [Havana Radio and Television Networks version says "deal more often with" instead of "give more emphasis to"] ideological work, including, for example, efforts to make militants and cadres gain understanding about the legal possession of foreign exchange, the policies on relations with the Cuban community abroad, and others.

A poll makes evident that 13.5 percent of party militants either do not understand or disagree with those measures. At other meetings, the political and ideological consequences the imposition of these measures would have on militants of the territories mentioned and on the people in general were not considered. The poll also made evident that a considerable percentage of our militants believes vanguard meetings do not suitably discuss the real problems of their work centers, and this leads those centers to develop doubts about the vanguard's capability to face situations and to explain questions.

Even though we feel the poll does not provide exact information, we do think it should be taken into consideration, as a permanent warning to us in everything dealing with party work. The idea reminds us that the economic changes we have been making in the country have been done without haste and, therefore, the policy alows the party to carry out an efficient ideological work, particularly of a preventive nature. [Havana Radio and Television Networks version does not contain the last paragraph]

Track One of the anti-Cuban U.S. strategy is the blockade, which seeks economic asphyxiation. Track Two is domestic subversion with a view to subtly undermining us from within. These tracks complement each other. The first thing revolutionaries must understand is that the implementation of the Helms-Burton law, which irrationally intensifies Track One, does not mean the enemy is discarding Track Two.

Far from disappearing, the attempts to sow confusion and lack of faith in victory, and to divide the Cuban people to create unrest, peaceful resistance, and eventually disorders to give the most extremist Yankee circles pretexts for military actions, will increase.

The enemy will look for new paths to make inroads and to increase the ones that have already been established, through Europe and other points in our continent. In congruence with what has been stated, the enemy does not hide that its objective is to infiltrate a segment of the so-called nongovernmental organizations (NGO's) [Havana Radio and Television Networks version does not contain the acronym] which have arisen in Cuba in the recent past, so that, with this Trojan horse, it can further division and subversion here.

The theoretical shroud calls for presenting the infiltrated segment as part of civilian society, as persons such as White House adviser for Cuban affairs Richard Nuccio, views it.

This conception has been clearly expressed by intellectuals at the U.S. Government's service, for example, the one who wrote the book "Cuba: Crisis and Transition," published by the University of Miami. The book shows the design of a new counterrevolutionary strategy; it was written when the Soviet Union's disappearance was apparent and when the calls to pack bags for returning to Cuba were issued in Miami.

The other characterizes Cuban civilian society in its own way, as something that has to do with the state, which can be opposed and destroyed, and that is comprised by innumerable groups with similar interests and common goals, among which the author enumerates as examples philatelists, yoga apprentices, basketball players, painters, musicians, witch doctors, and even the legal system of Namibibia because — the author emphasizes — any interest or excuse is valid to organize groups independently from the state.

Another part of the book states the following, in complete harmony with what was said by the U.S. President and other high-ranking government officials in Washington: This development of the internal civil society entails a communication and mutual understanding with the exiled community, with the intention of achieving confidence, lessening resentments, and mutually giving each other aid and support. Obviously, all this must involve a peaceful rather than conspirational, or illegal, activity. It is not a matter of ousting Castroism in one day, but of changing it day after day.

While expounding on how the implementation of those theories is visualized, the book enumerates civic resistance, civilian rebellion (not paying taxes, protesting about everything and for everything), and finally a social rebellion, which might lead to a U.S. aggression with pretexts that are apparently more valid than those defended by members of the external counterrevolution. [Havana Radio and Television Networks version does not contain last four paragraphs]

For us, civilian society is not what the United States interprets it to be. For us it means Cuban socialist civilian society, the one composed by our powerful mass organizations: the CTC [Cuban Workers Federation], CDR [Committee for the Defense of the Revolution], FMC [Federation of Cuban Women], ANAP [National Association of Small Farmers], FEU [Federation of University Students], FEEM [Federation of Secondary School Students], and our pioneers. [Havana Radio and Television version adds "whose top representative is here with us."]

Civilian society is also composed of social organizations that as you know comprise combatants of the revolution, economists, attorneys, journalists, artists, writers, etc., and other nongovernmental organizations that function within the law and do not want to undermine the economic, political, and social system freely chosen by the people, and despite the fact that they have their own legal identity, and even a specific jargon, they and the revolutionary state have the common objective of building socialism.

In the world there are NGO's that do not obey the enemies of the people and many of them promote actions of solidarity with Cuba and have respect for Cuba's independence, national identity, and its socialist path. One symbol of this is the admirable and heroic Pastors for Peace, one NGO that represents the best of the U.S. people, for whom the Cuban people feel a sincere friendship. However, we would be excessively foolish if we disowned the manipulation made through other alleged NGO's by those whose only purpose is to again enslave our country and make it more dependent than Puerto Rico and who meticulously search for their counterparts in Cuba [clarifying indistinct words in Havana Television and Radio Networks version, rewording for clarity] to meddle in our domestic affairs.

We must say we have been slow in analyzing carefully these maneuvers and in acting accordingly. We will start by outlining the situation at the centers for studies assigned to the party. They were initially created in 1976 and this was and is justified; but, [clarifying indistinct words in Havana Television and Radio Networks version] without us reacting timely, taking one step today and another tomorrow, with the mixing of naivete and arrogance, by yielding class principles to the temptation of editing articles and books to the taste of those who can finance them, various companeros fell into the spider web spread by foreign Cuba experts who serve the United States' policy of promoting fifth columnists. This is what happened with the Center for American Studies.

Of course, we have to distinguish and we do so in this center and everywhere, between the Cuban academician who may have thoughts different from what is currently valid regarding any issue but who has a socialist position and uses the acceptable forms to do so, and the Cubanologist who has Cuban citizenship and is even a card-carrying member of the party but who disseminates his position for the satisfaction of our enemies. We also cannot confuse the enemy with our friend who is a foreigner or one who is not our friend but respects our sovereignty with the one that establishes stratagems to spy on us, to view recruitment possibilities, and that imparts ideological platforms that favor a change to capitalism. Both types of conduct are present in the universities, [Havana Radio and Television Networks version adds "especially in Havana"] in the film, radio, and television sectors, and in the culture sector in general. We have the conduct of those who are loyal to our revolutionary people and the conduct of a minuscule group with annexationist leanings, very different to the patriotic conduct that characterizes the majority of our intellectuals.

To illustrate how the enemy identified our slowness in countering its [clarifying indistinct words in Havana Television and Radio Networks version] Track Two, I will quote passages from a lengthy February 1995 article by a Cuban affairs expert, British academician Gillian Gunn [clarifying indistinct name in Havana Television and Radio Networks version] who resides in the United States. The think tanks that were [clarifying indistinct words in Havana Television and Radio Networks version] previously associated to the Central Committee and that now are called NGO's include [clarifying indistinct word in Havana Television and Radio Networks version] the Center for American Studies (CEA) [Havana Radio and Television Networks version does not contain acronym] and the Center for European Studies (CEE) [Havana Radio and Television Networks does not contain acronym].

These two organizations were created in the 1970's to function as academic research tools of the Central Committee. Although the funds of the Central Committee are still significant, much of its budget now comes from foreign sources.

[Havana Radio and Television Networds version adds the words "The article continues:"] The expansion of the NGO's was motivated by the events taking place in the Soviet Union and so was their promotion.

Glasnost allowed the proliferation of Soviet NGO's. By 1989 [Havana Radio and Television Networks version says "1988"], the Moscow press stated that about 40,000 clubs and associations had been created.

The close relationship between Havana and Moscow at the time, exposed Cuban intellectuals to many of these groups, which called for such things as freedom of religion, popular culture, protection of the environment, and socioeconomic development. [Havana Radio and Television Networks version adds: "The document continues:"] By 1990, the reduction of Soviet subsidies to Cuba began to weaken the state's capacity to face a broad variety of problems, including deforestation, housing problems, food shortage, medicine shortage, and electric power blackouts. NGO's successes showed examples of the self-efforts of citizens and showed the economic conditions that needed implementing.

I continue quoting this academic: The Cuban state is uncomfortable with the NGO's. They are viewed as useful [clarifying queried word in Havana Television and Radio Networks version] because they have resources that would not otherwise enter Cuba and alleviate social tensions by resolving problems that the state cannot solve. Nevertheless, the NGO's are also suspect because they represent an independent source of income for citizens, whose desires not always agree with those of the state. The document states at the end: If Cuba continues with economic reforms aimed toward a market economy it is probable that the accompanying decentralization will provide greater opportunity for NGO's to germinate and will increase the strengthening effect of self-reliance provided by foreign donations.

Nevertheless, and I continue: While the single party system remains intact, Cuban NGO's will have to assume certain obligations with the state. The document concludes: Are Cuban NGO's government puppets or are they subservient to civilian society? The reply is ideologically and intellectually unsatisfactory. Both have similar characteristics, even though the latter grows very gradually. [Havana Radio and Television Networks version adds this sentence: "I am referring to the birth of a civilian society."] Those are the most descriptive quotes of the article published by academician Gillian Gunn, whom [Havana Radio and Television Networks does not contain the last three words] I mentioned before who directs the Cuba Project at Georgetown University.

Believing that our shortages and the need we have for the greatest amount of contact abroad, precisely to explain our truths, would condemn us to impotence, some U.S. academic centers started direct and open meddling. In most of the cases with the unmasked support of the U.S. Interests Section (SINA) [Havana Radio and Television Networks version does not contain acronyum] in Havana. This is the case of Pax World Service [clarifying queried name in Havana Televison and Radio Networks version], which presents itself as an NGO located in Washington, D.C., with 30600 [Havana Radio and Television Networks version says "3,600"] members. This entity sent a poll covering the nongovernmental sector, we do not know how many Cuban institutions, claiming that the reason for the investigation was to have a more detailed profile of NGO's in Cuba and to facilitate dialogue and cooperation with similar U.S. organizations.

The poll demands information by asking: [Havana Radio and Television Networks version adds "and I am going to quote the main ones. If you wish I can later show the several dozen questions sent, in Spanish, of course. Here are the main ones:"] membership, budget in dollars if possible, areas that programs and projects cover, if the relationship of Cuban-based NGO's with the government involves cooperation, conflict, or is neutral. Whether this has changed over the past 10 years, what the achievements have been, goals. Relations with other foreign NGO's, how was the legal status reached in practice, etc. Requests of a summary of the current state of NGO's in Cuba and civilian society in general.

As the saying goes, tell me your life story, insinuating a remittance of dollars. Just like that. The fair, balanced, respectful criteria in relation with those NGO's, which outside or inside Cuba dedicate their efforts to legal social, constructive, and even noble ends, which on many occasions are even heroic, such as depicted by Lucius Walker and his companions [Pastors for Peace], struggling against the criminal Yankee blockade, have already shown to be what our party understands a civilian society to be. And there is no need to repeat it.

Those, which in turn attempt to disguise NGO's from their role as subversive and counterrevolutionary organizations, created, subservient, bribed, and boosted by imperialism to destroy Cuba's revolution and independence, will have no chance to succeed in our country. Following our bitter experience with the Center for American Studies, we need to examine the work of the Center for [West] European Studies, and all the others [Havana Radio and Television Networks version does not contain last four words]. The party needs to complete an in-depth study of what has been approved in this regard and to establish a single, uniform, and firm policy, which will allow us to work within today's international context, but within limits that are reasonable at this moment. This is to prevent them from becoming the instruments our adversaries intend. It is time for the study centers that are part of whatever organization, be dedicated to the studies and analysis of what the country urgently needs, within the established profile, and that the organizations play their proper roles.

Above anything else, the institutions have to meet our people's interests without losing their identity and language. Their researchers or those who lead them cannot ignore this at the time of debating and choosing positions in the workshops, seminars, or others in Cuba and abroad. Adopting a neutral or confused position to avoid a confrontation or dodge a complicated topic is to show an unacceptable weakness before the adversary. It is, in the end, like supporting the position he maintains. We have many recent examples of this. The lesson must also serve to prevent in our media the emergence of architects or schemers of ideas and concepts different from those that the Revolution endorses and defends. The print media, the radio, and the television, in which our people take pride, must from now on examine everything in light of the historic moment and those guidelines. This is the responsibility of those who head them, in addition to the party, security bodies, and the UJC [Union of Young Communists] and its members. With whom should we examine these problems? With everybody everywhere, not only with those who, with the party card [clarifying indistinct words in Havana Television and Radio Networks version] in their pockets, follow an ideology that is not ours and with whom we have to act accordingly but also with those who, within those centers, [clarifying indistinct words in Havana Television and Radio Networks version] adopt a passive, complaisant, and irresponsible attitude in light of events that deviate them from the objectives for which the revolutionary state created them.

At the core of these institutions and in the entire academic field, we need an immediate analysis by the members of the party and youths on the role they played in light of negative currents that have been occasionally prevailing for a long time and that have a language apparently used by free thinkers. Actually, those who fall for copying ideologies different to our own [copismo desideologizante], pressured by our enemies, do not think on their own, nor do they act as revolutionaries. No one can give lessons of flexibility and amplitude [clarifying indistinct words in Havana Television and Radio Networks version] to the Cuban revolutionaries, who train the people to reason [clarifying indistinct word in Havana Television and Radio Networks version] and decide since the times of the attack on the Moncada. They do it by resorting to the grass roots sectors and the prestigious figures which have emerged from its midst. [clarifying indistinct words in Havana Television and Radio Networks version]

Our social project [Havana Radio and Television Networks version says "experiment"] is based on consensus and unity that, as Marti did, we do not mistake for artificial unanimity or a lack of union that breaks the nation apart and make it fall prey to foreign control. Another issue that deserves the most urgent attention of the Central Committee and the entire party refers to a version of glasnost, which lately has had certain subtle [clarifying indistinct word in Havana Television and Radio Networks version] expressions in Cuba. The so-called glasnost did away with the USSR and other socialist countries. It consisted of handing the media, one by one, to the enemies of socialism. At the beginning, they appeared as innovators and champions at the time of mobilizing [clarifying indistinct word in Havana Television and Radio Networks version] the people and later started erasing everything that was historically revolutionary, eliciting the consequences of which we all are aware, including the disintegration of the world's largest country.

Encouraged by this experience and with Marti's vision that, in times of war, the trenches of ideas are worth more than the trenches of stone, we Cubans keep and will keep the media genuinely free, which will be useful for the people's freedom, not for the exploiters on the lookout from Miami. [clarifying indistinct words in Havana Television and Radio Networks version] All this is clear; the renowned domestic and local media remain loyal to Cuba and have improved their constructive criticisms and truthful information. In addition to them, a group of cultural publications helps disseminate the ideas of the best revolutionary intellectuals. [Havana Radio and Television Networks version does not include last sentence]

But we have lowered our guard. We have stopped overseeing the observance of our own rules, and publications have appeared that, in a shameless manner, peddle many of their pages. Of course, they suggest that they will receive foreign donations without giving up anything. And they also use funds given to them by some cultural institutions of the country.

By the way, these publications, as well as certain interesting and politically correct materials, are frequently accompanied by others that [clarifying indistinct words in Havana Television and Radio Networks version] barely differentiate themselves from those who U.S. academicians, who are enemies of the revolution, write. They use a supposedly revolutionary language that seems destined to be a smokescreen for their true intentions.

There is even talk about using the magazine that played a diversionist role in the 1960's as a model for some of these specialized publications, for the purpose of criticism. This type of criticism — like some work that has recently circulated among us — corresponds, either consciously or not, to those who encourage the emergence of fifth columnists in Cuba. [Havana Radio and Television Networks version does not contain last paragraph]

In this and other equally strategic fields, the party cannot tolerate who act on their own, even meddling in tasks that belong to other organizations and establishing cooperation without the proper authorization of their bosses.

There are those, who lacking the authority to do so, perform foreign relations activities, or worse yet, there are those, who acting on their own, establish contacts with special foreign services, meaning, foreign espionage services. Although, they may conduct espionage work with the best intentions in the world, we are not prepared to allow these conducts from electrons on the loose to hinder the responsible and dedicated work of those who are empowered by the law to conduct it. Likewise, they also introduce false signals into such complicated and sensitive affairs.

We want these slowly spoken words to help them understand how serious this is and that they come to realize that we will not continue to allow it. Starting from this detailed examination, today as much as ever, we all need to have as our main working goal to keep the role of the party leader amid the changes and amid old and new problems, which we have referred to. What the enemy does on the ideological front serves to weaken the guarantees offered by a scientific leadership and the revolutionary and heroic work of our people.

We cannot forget that the commander in chief and the party are the preferred targets of the enemies of the revolution, who carry out attacks from all directions. The party has not remained static, it is taking, and will take, all measures that are necessary to face current and future challenges in all fields, particularly in the ideological field. Ideological work is not only the work of the corresponding department of the Central Committee, but of every and each political leader. It is also the work of government cadres, the youth, and other mass and social organizations. Obviously, it must be supported by the Central Committee, a process that will help solve some incongruities in the distribution of cadres within the subordinate system's structure. To cite an example, the number of cadres in the International Relations Department, the bulk of them in the Latin American area, represents almost half of all the political leaders (officials) in the subordinate structure. [Havana Radio and Television Networks version does not contain last two sentences]

[Havana Radio and Television Networks version adds "Ideology has been the revolution's main weapon."] We learned this from Fidel with the assault to the Moncada Barracks in the name of Marti and to wage the war of liberation, in which the Revolutionary Armed Forces [FAR] were born and forged 40 years ago. The FAR were born practically without any armament, but with everything when it comes to history because it was born from the people. Its best school has been the struggle and an example attests to this: For centuries the Battle of the Thermopylae has been the great legend. Even though they died heroically, three hundred Spartans were unable to defeat the Persians, thousands of them and better armed. With the commander in chief, to defeat the last offensive of the tyranny in the summer of 1958, barely 300 rebels resisted 10,000 soldiers who had tanks, artillery, and an air force, including three frigates in the Caribbean to the south of the Sierra Maestra, which were firing upon them. And they knew how to conquer victory. What made them invincible was knowing why they were fighting and their confidence that they would triumph.

Centuries have passed and, although our enemies today deny it, this was the victory that determined the war and, as Che said, that broke the backbone of the tyranny's army. They will talk about it like they talk about the battle on the Thermopylae pass, with a difference. They died heroically and they all perished but the 300 rebels who were in the Sierra Maestra at that time, under the leadership of the commander in chief, defeated the enemy.

Remember the bombardments against several airports in the country on April 15, 1961. Remember the funerals of the first victims. Remember the proclamation of the revolution's socialist character supported by the working class, which gathered on 12th and 23d Street, close to Colon Cemetery, with its rifles held high. Remember the 17th, and the next day, when this same working class went to fight for socialism in the Bay of Pigs.

Therefore, we also learn from this that the proletarian ideology was our main artillery piece at the sands of Playa Giron, 35 years before, and in the centennial of Maceo's heroical death, we take his example and the message that a word synthesizes: Baragua! [Havana Television and Radio Networks version includes applause notation] With his usual vision, the commander in chief said at the first party congress two decades ago, quote, as long as imperialism exists, the party, the state, and the people will grant the highest attention to the defense services. The Revolutionary Guard will never grow careless. History has shown too eloquently that those who forget this principle do not survive the mistake, unquote. [Havana Radio and Television Networks version adds: "That is what the commander in chief said over a quarter of a century ago, or 20 years."]

This is an opportunity to remember those ideas and to add that the existing unipolar world and the events that have occurred in our country in the last six years, have eloquently shown the soundness and permanent validity of Comrade Fidel's thoughts. Events have also shown that, as it has been recently seen, the international situation can change abruptly in a week and bring us face to face with very critical situations. However, a country's preparation for its defense, particularly in our case, with the enemy we have, requires decades of systematic work. Now, more than ever, we must put the party's ideological work on a level with the homeland's combat missions.

Let us intensify our daily, unremitting, and increasingly more efficient actions for the truth, striving for the conscience of every Cuban man and woman, old and young, black and white, members of one social class or another. We exclude the minority of wealthy people who support the enemy: the annexationist traitors, the lumpen. We have and will always have socialism, but the only possible socialist system in Cuba at this point requires us to increasingly assimilate such difficult factors as the monetary-commercial relations and even certain capitalist elements to be able to incorporate our economy into the world economy, controlled by the monopolies of the imperialist powers [clarifying indistinct word in Havana Television and Radio Networks version] being partners and rivals at the same time, with a rich north and poor south.

As the commander in chief has pointed out: Such a complicated situation requires that we struggle for our socialist goals with supreme efforts, hard work, and great intelligence. Our actions must be guided by a fundamental tenet: Whenever we must implement actions dictated by the circumstances, we must strive to maintain our revolutionary purity. Fidel has confidence that the militants and the most alert sectors of the population understand that we cultivate virtue by fighting vice, because our people can never be a people sheltered in a crystal urn [Havana Radio and Television Networks version says "tower"]. On behalf of the Politburo and to summarize, we have discussed a series of issues, all linked to the complex and difficult situation faced by the revolution in recent years.

We believe that by discussing the problems directly and by identifying them clearly, our Central Committee and the other leadership organizations of the party will have a better chance to face them with both the thoroughness and the systematic approach they demand. An indispensable condition to accomplish this mission is, above all, to have a strong party, which will increasingly and continually improve its operation and will ever more increase its prestige before the masses, precisely in this critical historic context. The holding of this plenum contributes to promoting these objectives, and we have the profound responsibility of guaranteeing them. [Havana Radio and Television Networks version adds: "Comrades, the Politburo report has concluded."]

Cuba: Daily's Editorial Urges Debate on Politburo Report

PA0204041496 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Apr 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The newspaper TRABAJADORES today published an editorial expressing the union movement's support for the process to study and debate the Politburo's report in each work center. Considered as the beginning of a strong ideological battle, the newspaper said that this process will find the same environment as 35 years ago when, just as today, grave dangers threatened us.

Further on, the editorial stated: the enemy assailing us is like an eagle, a vulture, and a snake. It wants to tear us apart and to poison us. It dreams of distributing the moribund corpse of the Cuban nation among U.S. citizens.

In the face of this situation, the weekly added, we must close ranks around the revolutionary principles, the values of solidarity, discipline, and collectivism, and patriotic and socialist conduct to prevent our disunity. The mouthpiece of the CTC [Cuban Workers Federation] called for mass debate of the country's political and social situation, based on the report of the party's Politburo, and for linking it to the concrete reality of each community. The Revolution is waging a life and death struggle. The enemy cannot be given a single inch, the TRABAJADORES editorial stated. It concluded expressing the feelings of the great majority of our people, stating: As in April 1961, the workers will increase their militia spirit to defend socialism.

Cuba: Castro Urges 'Maximum Effort' in Sugar Harvest

PA0104194996 Havana PRENSA LATINA in Spanish 1541 GMT 1 Apr 95

[FBIS Translated Text] Havana, 1 Apr (PL) — President Fidel Castro has appealed for a maximum effort to meet the country's sugar development plan in response to the stiffening of the U.S. Government's aggressive policy.

Cited today by weekly TRABAJADORES, Fidel Castro noted that Cuba is advancing despite the enemy campaigns, and proof of that is that on 4 April the same amount of sugar that was produced during the whole previous harvest would be produced.

Cuba put forward for 1996 an ambitious national sugar production plan of 4.5 million tons and recently announced it reached 3 million tons 16 days after the U.S. Government decided to toughen the economic blockade, in force since 1962, through the Helms-Burton law.

The first secretary of the Communist Party of Cuba attended on Sunday a function held in Las Tunas Province, approximately 650 km east of Havana, related to a local sugar mill's fulfillment of its sugar production goal.

One of our responses to the enemies, he said, is to struggle to boost our economy and, especially now, to fulfill the sugar plan, because not only is this morally important to our people but it also strengthens other countries' confidence in Cuba, the president said.

Castro urged workers to make a maximum effort, working on each front, on public health and education, because "in these world Olympic games of shame, we have to win the gold medals," he told the newspaper.

Fidel Castro urged workers not to delay the land preparation, harvesting, fertilization, replanting, reconditioning of fields, and most of all, planting of sugarcane.

The president praised the strategy followed in Las Tunas to prevail over the difficulties caused by the intense rains to the development of the harvest in this zone, and expressed his confidence that the province will be able to surpass its goal.

Cuba: Castro Visits Sugar Mill in Jobabo Municipality

PA0204015796 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Apr 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro, on closing a meeting to discuss plans to reach the sugar production goal at the Peru sugar mill in Jobabo municipality in Las Tunas Province, called for making the best possible effort to fulfill the sugar production plan.

This will be yet another reaction to the aggravation of imperialism's aggressive policy with the brutal and genocidal Helms-Burton law, Castro said. He lauded the strategy used by the Las Tunas people to counteract the effect of rain and maintain the unrefined sugar production at acceptable levels. Castro said this:

[Begin Castro recording] [Words indistinct] transferring machines from the country's northern area to the southern area when those machines could not work in the country's north. [Words indistinct] The potential standard is approximately 600,000 arrobas per day. The mill did extremely well. All this made it possible, not only to process some sugarcane, but also to assist this mill's machinery. [Words indistinct] that 40 machines be sent to the Manati sugar mill [applause] and that all brigade leaders who wish can move there with their brigades and prepare an area to which sugarcane can be taken and processed as long as possible. [Words indistinct] [end recording]

Cuba: Radio Reports on Castro's Visit to Sugar Mill

PA0204015896 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Apr 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro this morning visited the Antonio Guiteras agroindustrial complex located in Puerto Padre municipality in Las Tunas province. Castro was accompanied by Politburo member Carlos Lage and Sugar Industry Minister Nelson Torres. Rafael Quiroga will provide details.

[Begin Quiroga recording] In the presence of Commander in Chief Castro, the workers at the giant Antonio Guiteras complex in Puerto Padre reaffirmed their confidence that they will fulfill the sugar production plan. Castro talked with the mill's workers and officials, who reported on the strategy applied to process more than 1 million arrobas of sugarcane every day.

Asked by Castro about the situation in the industry, in assimilating raw material from farmer's markets, complex director Emilio Rodriguez replied that, from a mechanical viewpoint, the mill is fine and rainfall minimal.

The Antonio Guiteras mill's agroindustry experts confirmed that conditions are ripe to produce 40,000 tonnes of unrefined sugar in April, a report that pleased Castro because of what it entails for the country's economy. [end recording]

Cuba: FAR Official Comments on Equipment Maintenance

PA0204042296 Havana Radio Rebelde Network in Spanish 1800 GMT 29 Mar 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The Directorate of Tanks and Transportation of the Revolutionary Armed Forces [FAR] advise the Agriculture and Sugarcane Ministries on the maintenance of idle equipment as a result of the special period.

Colonel Francisco Cespedes, engineer and chief of the Directorate of Tanks and Transportation of the FAR, stated during an interview that there is still much to be done to improve the work's quality. However, he highlighted that the results achieved since last year were noteworthy:

[Begin Cespedes recording] We were already able to measure results in 1995. We are now satisfied with the positive results during the first three months of 1996 in five provinces; four of these had outstanding performances, and the results in the fifth province were rated as good.

When we discussed the need to have all rice combines working to begin the soil's recovery and preparation for the country's large investment in the rice program, the equipment and resources assigned to this job, which were properly maintained, responded satisfactorily. [end recording]

Cuba: Radio Says Fire at Refinery Under Investigation

PA0204042596 Havana Radio Rebelde Network in Spanish 1800 GMT 29 Mar 96

[From the "National Radio News" newscast]

[FBIS Translated Text] A medium size fire took place at 0614 this morning at the lubricant processing plant at the Nico Lopez refinery in Havana. The fire was under control in 20 minutes due to the quick response of firefighters and the refinery's workers. The fire is under investigation, and damages to the plant are being assessed.

Cuba: Media Official Notes Increased Radio Coverage

PA3103220896 Havana Radio Rebelde Network in Spanish 1255 GMT 30 Mar 96

[Telephone interview with Josefa Bracero, vice president of the Cuban Institute of Radio and Television, by reporter Felix Garrido; place not given; from the "Doing Radio" newscast — live]

[FBIS Translated Text] [Garrido] Effective today we are trying to demonstrate — and it is possible that in the next few days we will be contacting our radio stations in the most distant areas in the country — how radio reaches and continues informing, entertaining, orienting, and mobilizing the people throughout the nation. Can you tell us, Josefa, of the achievements of the past few years?

[Bracero] First of all, I would like to mention that when I woke up this morning I was very pleased because I heard something new on "Doing Radio." I was very happy to hear about the efforts that other provincial and municipal radio stations are making in the interior of the country. Many things could be said on the subject of participation. However, considering that we are speaking over the radio, I will be brief.

I must say that during the past few years all the radio stations in the country have worked to make our radio a reflection of our society. Logically, that reflection is not only based on the properties of the media. I would say that the main characteristics lie precisely in the nature of the media. In other words, this means that the real actors who contribute to the revolution's feats are the ones who should be working in media, on our radio waves, our receivers. Those who are building a new society, those who are carrying out this revolutionary epic should work in the media. We cannot say that we have achieved everything.

Very positive steps, however, have been taken as part of this endeavor, which are being reflected precisely in what the comrades on the island and on the streets were telling you, what the comrades in Camaguey and Guantanamo said. I am certain that any province or radio station can come here to report its positive experiences.

To be sure, the radio affords us one advantage. Today, thanks to the development of our media in the country, thanks to our government's efforts to give our people a radio that truly meets their demands, we have radio stations in 139 out of country's 169 municipalities.

In other words, wherever there is no provincial network, we have a municipal network or municipal studio with journalists who can gather information and broadcast it to other networks, even national networks. Those journalists bring guests to interview them. The family doctor or any other person who has something of interest to say is there, because that is the natural forum for our people. It should become that forum a little more each day. We are working in this participative radio on that aspect.

Surveys support this view. The results of the latest survey of 7,000 persons in the country shows a much greater audience, program preference, greater acceptance of provincial and municipal radios, and acceptance of national programs.

I take advantage of this opportunity to congratulate the "Doing Radio" program for beating all records and winning first place in the listeners' preference. That is briefly want I wanted to tell you.

[Garrido] Thank you, Josefa, for your information, confirming that radio is alive and reaches every area of the country with its motivating and guiding message, a message that also renders a social service, of course. To be sure, it also covers the broad spectrum of entertaining and orienting our people. Thank you. We continue "Doing Radio" together.

Cuba: Cubanacan Tourism Group Earns $71 Million in 1995

PA3103180196 Havana Radio Havana Cuba in Spanish 0000 GMT 31 Mar 96

[Report by Isis Maria Allen; from the "Evening Information Review" newscast]

[FBIS Translated Excerpt] The 16 companies and eight joint ventures that make up the Cubanacan [tourism] Group, last year achieved adequate profitability levels after improving its internal operations and establishing tighter controls on all of its activities.

Cubanacan registered $71 million in profits in 1995. This increased the group's direct contribution to the state by more than 200 percent in comparison the amount registered in 1994.

Company growth in past years has led to a division of labor among various companies to ensure greater independence and control over activities such as lodging and transportation of tourists, organization of excursions, and even live entertainment, water sports, shopping, and restaurants. There was such a diversity of specializations that differentiated attention was required.

This is why Cubanacan, nearly two years after applying its new structure, is making plans and setting goals. This group has little more than 8,000 hotel rooms for tourism, but this figure should reach 10,000 by the end of 1996, after the expansion and remodeling of units, and the construction of new ones.

Cubanacan will add 737 hotel rooms in the City of Havana this year, while Varadero, Cayo Coco, in northern Ciego de Avila, and Cienfuegos will also see some increases. This was reported by Cubanacan President Juan Jose Vega. [passage omitted]

The Cubanacan Group plans to add more than 3,000 hotel rooms in 1997. To achieve this it hopes to use its own resources and credits and through joint ventures. In 1996 it plans to significantly increase profits earned in 1995. This is the commitment of its more than 20,000 workers.

Haiti

Haiti: Ex-Spokesman for Aristide Interviewed on Debates

PA0204033096 Port-au-Prince Radio Metropole in French 1145 GMT 1 Apr 96

[Interview with Yvon Neptune, former spokesman for former President Jean-Bertrand Aristide, on the results of the 29-31 March Tabarre conference at the Aristide Foundatin for Democracy, by Edner Jean, place and date not given; from "The Morning Newscast"; broadcast in progress — recorded, in Creole]

[FBIS Translated Text] [Neptune] ...on the whole, while I was listening to them on the Army issue, they wished that the parliament would make a final decision regarding this issue. As for the question of the police, they want the police to really become a police that protects lives and properties. Concerning the privatization issue, they ask that the population be informed of what is going on, how the discussions are going, what is to be discussed, and what solutions need to be reached so that the economic reforms are not made without the people but in the people's interest.

[Jean] A very marked absence was that of President Aristide. Has the former president chosen not to come to the first public demonstration — as we say — the foundation is making.

[Neptune] No, we must make a correction. It is not the foundation that has sponsored this activity. The foundation has provided the venue for the organizations to come and debate the question. But it is not an Aristide Foundation for Democracy activity.

[Jean] What can you tell the people who think that many debates taking place here reflect the position of President Aristide on the privatization issue.

[Neptune] Well, of course, President Aristide expressed certain positions on the privatization issue when he was head of state. But does that mean that the statements made by the organizations that were represented here to debate the questions are those of President Jean-Bertrand Aristide? I believe that if what they discussed agrees with the position of Jean-Bertrand Aristide on the privatization issue, then there is absolutely no problem. This indicates that there is now an understanding, that there is — I could say — a quite common vision on the question. But we cannot actually say that what was discussed here, the resolution that has been reached is... [pauses] as if President Jean-Bertrand were sitting here talking and people were listening.

[Jean] Why did former President Aristide not participate in the debate? Did he have a choice?

[Neptune] Since the president left the National Palace for his residence in Tabarre, not only has he continued working, but he has continued following the debate and especially observing.

[Jean] Many people are criticizing former President Aristide because he does not respect Article 279 of the Constitution. A debate was held today on the

Constitution, and many people's organizations proposed provisions to the Constitution to reject the neoliberal plan, as they say. Why has President Aristide to this day not respected Article 279, which provides for him to present a report drawn up by a public notary on all the properties and movables he accumulated during his five years in power.

[Neptune] Insofar as it is a constitutional requirement, we suppose that it should be the duty of those in charge of those issues to question President Jean-Bertrand Aristide. Insofar as President Jean-Bertrand and his adviser have an answer... [pauses] an explanation for that, I believe the explanation will be given.

[Jean] You are very close to the president. Have you not talked to him about the fact that the rumor has been going around for some time?

[Neptune] You say I am very close to President Aristide, yes, I am the former spokesman for the Presidency and I am a member of the Aristide Foundation for Democracy. But this does not mean that I tackle all issues with President Aristide, this does not mean that I discuss the issue with President Aristide, and this does not mean that he asks me for advice on all questions regarding himself. This is why I am telling you that if it is a constitutional requirement, President Aristide knows about it, and it is the responsibility of the people in charge of implementing the provisions to the Constitution to get in touch with President Aristide so they can find an answer.

Haiti: Land Reform Institute Faces Financial Difficulties

PA0204023296 Port-au-Prince Signal FM Radio in French 1130 GMT 29 Mar 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] The National Institute of Land Reform [INARA] has operational difficulties. According to Bernard Etheart, the general director of this institution, INARA is facing financial problems and is not able to continue its operations. INARA mediates the settlement of land disputes. INARA experts are working with peasants from Artibonite and Nothwest Departments. The general director of INARA asserts that the institute is working toward setting up structures aimed at favoring the land reform. Let us listen to Bernard Etheart.

[Begin recording] [Etheart, in Creole] INARA is doing alright without money, because we do not yet have a budget.

[Unidentified reporter, in Creole] What do you call alright? Please give me more details.

[Etheart, in Creole] There are some activities that we are trying to conduct, especially the problem of managing disputes in Artibonite and so on, where we are obliged to intervene quickly. Meanwhile, we are preparing operations that are not conflict operations; they are operations that reflect a true foundation for the land reform. [end recording]

Mexico: Embassy Rejects Statements at U.S. Senate Hearing

PA0204050196 Mexico City XEW Television Network in Spanish 0400 GMT 2 Apr 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Foreign Secretariat has released a communique from the Mexican Embassy in Washington with regard to some assertions that were expressed at the U.S. Senate Banking Committee on Friday. In the communique, the Mexican Embassy stated its concern about this hearing in which information about Mexico's progress against drug trafficking was ignored.

Part of the communique stated: It is not true, as was affirmed, that the Mexican economy is flooded with billions of dollars from the drug trade. If this were true, there would have been great distortions in the markets. There is no evidence to support such assertions.

The communique also stated: It is highly irresponsible to affirm, without any grounds, that a member of the cabinet of President Zedillo has links to drug trafficking. In the nine-point communique, the Mexican Embassy highlighted that Mexico is undertaking a direct fight against criminal organizations. In the area of drug trafficking in 1995, Mexico registered record figures in the eradication of crops, and there was an increase in the number of arrests of suspected drug traffickers and the confiscation of drugs.

According to the communique by the Mexican Embassy in Washington, statements such as those expressed in the Senate Banking Committee hearing entail falsehoods and half-truths that run counter to the spirit of bilateral cooperation.

Mexico: Zedillo Welcomes Visiting Italian President

PA0104200796 Mexico City XEW Television Network in Spanish 0000 GMT 29 Mar 96

[Report by Gabriela Resendez; from the "24 Hours" newscast]

[FBIS Translated Text] It has been 15 years since an Italian president last made an official visit to Mexico. President Ernesto Zedillo welcomed Italian President Oscar Luigi Scalfaro at the National Palace's central courtyard on Thursday. Accompanied by his wife Nilda Patricia, President Zedillo said he was confident that Mexico, through Italy, will be able to become associated with the EU despite France's refusal.

[Begin Zedillo recording, in progress]...for the firm backing the Italian Government is giving us, from the EU's Presidency of the Council of Ministers, to promote the talks to sign an economic association and political coordination agreement between the EU and Mexico. [end recording]

President Scalfaro, who was accompanied by his daughter Mariana, pledged to mediate before the EU. The Italian and Mexican presidents introduced their retinues, reviewed the honor guard, and held a private meeting at the Presidential Office. In the Council Room of the old palace of Mexico City's city hall, the head of the Federal District Department declared him a distinguished guest, and handed him the keys to the city.

In the Chapultepec Park, the Italian president placed a floral wreath and paid his respects before the altar of the fatherland. On the way back to the hotel where they are staying, President Scalfaro and his daughter had a private meal, and in the evening attended a dinner hosted in their honor by President and Mrs. Zedillo at the Chapultepec Castle. President Zedillo decorated the Italian president with the Grand Collar of the Aztec Eagle Order, and President Scalfaro awarded his Mexican counterpart the Merit Order of the Republic of Italy.

Mexico: Zedillo Approval Rating Up From Dec

96CA0148A Mexico City REFORMA in Spanish 1 Mar 96 pp 1A, 6A

[FBIS Translated Text] **Zedillo Gets a 5.7**

A quarterly poll conducted by REFORMA and EL NORTE among 1,400 citizens reveals that confidence in the president, although still low, is growing. The interviews were conducted during the last two weeks of February in collaboration with other newspapers in the country.

How would you rate Ernesto Zedillo's performance on a scale of 1 to 10, 1 meaning that he has done very poorly and 10 that he has done very well?

March 1995	6.3
June 1995	5.3
September 1995	5.4
December 1995	5.2
March 1996	5.7

Do you approve or disapprove of the way that Zedillo is running the country?

Month	Approve	Disapprove
March 1995	53	34
June 1995	31	61
September 1995	34	56
December 1995	31	60
March 1996	41	48 (11 percent not sure)

Note: The people who did not respond account for the difference between the sum of the 1995 numbers and 100 percent.

Do you feel that the actions he has taken have prompted citizens to trust or not to trust him?

Month	Trust	Not Trust
March 1995	55	37
June 1995	24	69
September 1995	29	62
December 1995	25	69
March 1996	32	60 (8 percent not sure)

Note: The people who did not respond account for the difference between the sum of the 1995 numbers and 100 percent.

The sample has a margin of error of plus or minus 2.6 percent.

Zedillo's Image Starting To Improve

The country's economic problems have been the most prominent issue, but the agenda also includes democratization, the government's relations with the parties, public safety, the battle against drug trafficking, the battle against corruption, the dialogue in Chiapas, and the investigation into the murder of Colosio, among others.

After several months during which the population gave him low marks, President Ernesto Zedillo's image is starting to improve. On a scale of 1 to 10, he received an average of 5.7. In November 1995, twice as many people disapproved as approved of him, whereas by February 1996 the ratio was almost one to one, as 41 percent approved and 48 percent disapproved.

REFORMA and EL NORTE conducted a joint poll among 1,400 citizens in 26 states as part of their quarterly monitoring of national public opinion concerning the performance of President Ernesto Zedillo. The comparative tables presented below reflect multicity samplings for the months of March, June, and September 1995, whereas in December 199[illegible]d March 1996 nationwide samples including towns [illegible] fewer than 2,500 residents were available.

By and large, people's perceptions about the economy remain very negative, as a very small percentage of them say that this year has been better than last or feel things will go better for them in the future. However, the number of negative responses is on the decline. In any event, people remain predominantly mistrustful about the way the government is handling the economy, as almost two-thirds say that it is doing a poor or very poor job.

Something similar is the case with the political situation, as the percentage of positive responses has not risen much, although there is a downtrend in the negative responses, which are shifting to a middle ground. Moreover, the current government has still not convinced most people of its devotion to democracy, as only one-fourth of the respondents feel that its track record in this regard is good or very good.

One reflection of this situation is the fact that most people describe relations between the government and opposition parties as unsuccessful. There has been a decline in the number of people who see the relations between the government and PAN [National Action Party] as very successful. The percentage of people who regard the relationship between the government and the PRD [Party of the Democratic Revolution] as very successful has remained very low.

In contrast, relations between the government and PRI [Institutional Revolutionary Party], which at one point people saw worsening, are now making a comeback, especially in the wake of several statements by President Zedillo.

Most people judge the government's performance in public safety harshly, as for the fifth straight time more than half of the respondents said that it has had no success in this sphere. The problem is much more serious in the urban segment of the sample.

As for the battle against drug trafficking, the government is doing significantly better, as fewer and fewer people say that it has been altogether unsuccessful. Although people are still not entirely convinced that there has been much progress, at least more and more respondents are opting for middle-of-the road replies, such as that it has had some or little success.

There were great expectations about honesty in government at the start of this administration. Unfortunately, the proportion of positive responses, which hit a high after Raul Salinas' arrest, has been on the decline.

The decision to wage a struggle against corruption has always prompted skepticism, as revealed by the fact that for the fifth straight time more than half of the respondents felt that the struggle has not been successful.

Two specific issues have been in the public eye continuously during President Zedillo's administration: its handling of the conflict in Chiapas and the investigation into the assassination of Luis Donaldo Colosio.

The lengthy negotiations in Chiapas have brought ups and downs in terms of the hopes that the conflict will be settled successfully, although in recent times the signs coming from the dialogue have been reflected in the population. The March 1996 poll showed a downtrend in the number of pessimistic responses.

As far as the investigation into the Colosio affair is concerned, however, a striking number of people seem to have given up all hope that it can be successful. On the eve of the second anniversary of Colosio's murder only three percent of Mexicans think that the investigation has been successful.

Methodology. A total of 1,400 people over age 18 were interviewed in their homes from 22 to 28 February 1996 in 26 states. The sample was designed by stages. Two strata were defined, one that was 71 percent urban and the other 29 percent rural. The confidence interval was 95 percent, with a margin of error of 2.6 percent. The survey was coordinated by the newspapers REFORMA and EL NORTE, with the cooperation of AM of Leon, EL IMPARCIAL of Hermosillo, NORTE of Ciudad Juarez, LA CRONICA of Mexicali, NOVEDADES of Yucatan, and NOVEDADES of Campeche.

Some graphs do not add up to 100 percent because intermediate responses such as somewhat, a bit, so-so, and not sure/no reply were not included. [Note: The June, September, and December figures noted below are FBIS estimates of graphically portrayed data.]

Economic Policy: Holding Steady

Most people remain highly doubtful that the government is handling the economy properly. There has been no improvement in this regard.

How would you describe the performance of Ernesto Zedillo's administration in handling the economy?

Month	Poor/Very Poor	Good/Very Good
March 1995	52	17
June 1995	65	13
September 1995	62	12
December 1995	65	11
March 1996	60	13

Economic Situation: Slight Improvement

The pessimistic view that the economic situation was worsening hit its peak in June. The feeling that things were getting worse began to taper off in March, although the shift has not translated directly into responses that things are improving.

How would you compare the economic situation today to that of a year ago?

Month	Worse	Better
March 1995	89	1
June 1995	90	3
September 1995	79	5
December 1995	82	5
March 1996	61	14

Economic Expectations: Holding Steady

Expectations about the economy have been divided since President Zedillo took office. In general, the view of the future has been more optimistic than judgments about the present or the past.

How do you think the economic situation will be next year?

Month	Better	Worse
March 1995	35	29
June 1995	33	32
September 1995	30	31

Month	Better	Worse
December 1995	27	40
March 1996	29	31

Political Situation: Holding Steady

The view that it is worsening has diminished but not given way to the opinion that the country's political situation has improved.

How would you compare the political situation to that of a year ago?

Month	Better	Worse
March 1995	16	52
June 1995	9	57
September 1995	10	50
December 1995	11	48
March 1996	13	42

Political Expectations: Holding Steady

Opinions are divided as to what Mexico's political future will be like; the trends have held steady over time.

How do you think the political situation will be next year?

Month	Better	Worse
March 1995	37	21
June 1995	26	26
September 1995	24	24
December 1995	22	30
March 1996	25	27

Democracy: On the Decline

At present more people feel that the government is doing a poor or very poor job in the area of democracy.

How would you rate the Zedillo administration in the area of democracy?

Month	Poor/Very Poor	Good/Very Good
March 1995	27	37
June 1995	43	19
September 1995	41	19
December 1995	40	21
March 1996	35	24

Government-PAN Relations: Worsening

The recent quarter was bad because of PAN's withdrawal from the negotiations on political reform.

How much success is the government having in its relations with PAN?

Month	None	A Lot
March 1995	23	12
June 1995	40	8
September 1995	35	8
December 1995	28	8
March 1996	27	5

Government-PRD Relations: Holding Steady

Most people have felt that they are not all successful, with a small percentage regarding them as very successful.

How much success is the government having in its relations with the PRD?

Month	None	A Lot
March 1995	42	5
June 1995	52	3
September 1995	44	1
December 1995	35	4
March 1996	35	3

Government-PRI Relations: Improving

People felt that relations between President Zedillo and his party improved during the recent quarter.

How much success is the government having in its relations with PRI?

Month	None	A Lot
March 1995	28	22
June 1995	37	20
September 1995	30	18
December 1995	26	7
March 1996	23	20

Battle Against Drug Trafficking: Doing Better

Drug trafficker Juan Garcia Abrego was arrested during the past quarter; this helped improve the government's public image in this regard.

How much success is the government having in the struggle against drug trafficking?

Month	None	A Lot
March 1995	49	7
June 1995	60	2
September 1995	55	7
December 1995	49	9
March 1996	45	9

Public Safety: Holding Steady

Most people are of the opinion that the government has not been at all successful in handling public safety.

How much success is the government having in terms of public safety?

Month	None	A Lot
March 1995	53	4
June 1995	61	2
September 1995	58	2
December 1995	58	5
March 1996	51	4

Honesty: On the Decline

The public has been skeptical again since June of last year, a negative trend.

How would you rate the government's performance in terms of its honesty?

Month	Very Good/Good	Poor/Very Poor
March 1995	42	18
June 1995	21	36
September 1995	24	33
December 1995	24	35
March 1996	29	31

Struggle Against Corruption: Holding Steady

Public opinion has always been on the negative side here. There are no clear indications that people sense any greater success in this sphere.

How much success is the government having in combating corruption?

Month	None	A Lot
March 1995	57	5
June 1995	66	2
September 1995	62	2
December 1995	56	4
March 1996	52	6

Conflict in Chiapas: Doing Better

Negative opinions hit a low in March 1996. The shift has been to intermediate responses.

How much success is the government having in addressing the conflict in Chiapas?

Month	None	A Lot
March 1995	42	6
June 1995	60	2
September 1995	50	2
December 1995	54	2
March 1996	38	5

The Colosio Case: Doing Worse

At present there is great skepticism that the mastermind of the assassination is ever going to be successfully identified.

How much success is the government having in the Colosio case?

Month	None	A Lot
March 1995	28	14
June 1995	62	4
September 1995	62	2
December 1995	72	2
March 1996	57	3

Costa Rica

Costa Rica: Ecuadoran Dahik Granted Political Asylum

PA0104172096 Panama City ACAN in Spanish 1135 GMT 1 Apr 96

[FBIS Translated Excerpt] San Jose, 1 Apr (ACAN-EFE) — Former Ecuadoran Vice President Alberto Dahik Garzozi obtained political asylum in Costa Rica today; this occurred almost six months after he arrived in San Jose, fleeing his country, where he is charged with alleged misappropriation of public funds.

Dahik, a liberal economist who promoted economic reform in his country, arrived in Costa Rica in a private plane on 11 October 1995, and with the help of German Serrano, lawyer and former Social Christian Costa Rican vice president, requested political asylum on 31 October of that same year.

In a communique disclosed last night and dated 1 April, the Costa Rican Foreign Ministry asserted that the asylum requested by Dahik would be granted as of 29 March (last Friday.)

As of that date, the former Ecuadoran vice president's activities in this country will be subjected "to the obligations stipulated in the 1954 Caracas Convention on territorial asylum" and other valid international law rulings on the issue.

The Foreign Ministry based its decision to grant the asylum on Costa Rica's tradition regarding this type of request, on international conventions, and on the "objective and detailed" study of the events that forced Dahik to flee Ecuador, as well as the "evidence" presented by the Ecuadoran Government on Dahik's alleged crimes.

Answering critics of the former vice president, the Foreign Ministry pointed out that "in accordance to international norms, the state that gives the asylum is the one that must appraise the situation and the reasons presented for the persecution and assess the evidence presented."

"The State, however, is not obliged to say why it grants or refuses asylum, as it constitutes a government action," it underscored.

Although the Foreign Ministry communique does not specify the reasons it granted the asylum, diplomatic sources have indicated that the lack of evidence incriminating Dahik in human rights violations and the fact that there are no criminal cases against him in Ecuador were influential in making the decision. [passage omitted]

Guatemala

Guatemala: URNG Criticizes Business, Agriculture Sectors

PA0204015696 Guatemala City Televisiete Television in Spanish 0400 GMT 1 Apr 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Guerrilla Commander Pablo Monsanto made a statement at the conclusion of the peace talks in Mexico. He accused Guatemalan businessmen and private sector representatives of directing bands of criminals and drug traffickers.

He said the agricultural sector does not want peace.

[Begin Montanto recording] We imposed the war tax after a meeting, at the beginning of the dialogue process, with representatives of UNAGRO [National Farming Union], the Association of Cattle Owners of Guatemala [Asociacion de Ganaderos de Guatemala], and CACIF [Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations] in Ottawa, Canada.

On that occasion, the position of these gentlemen was that they did not care if the war continued and if people died; they only cared about their properties not being touched.

As a result of this, the Guatemalan National Revolutionary Unity [URNG] adopted the political decision to impose a war tax so that these sectors could also feel the effects of the war [14-second break in reception] what Agriculture Minister Reyes said fully reflects this. He told the Guatemalan media that the halt to offensive operations does not make sense if the war tax does not also cease. With this, he made clear that he is interested in the end of the war tax, not in the end of the war. They have never seen their people — their families, their children — die. It has always been the peasants, the workers, the indigenous population, the poor people, who have died. [end recording]

Commander Monsanto also spoke about violence in Guatemala.

[Begin Monsanto recording] In the past six months, the crime rate has increased very much. It is a known fact now that Army elements, political party members who have been denounced on various occasions, and the private sector organize criminal bands in the country. These are not mere purse snatchers on the streets. These people are associated with drug trafficking and contraband. These are the people who have become rich by taking advantage of their associations with power and who have violated all the laws that exist in the country. [end recording]

Gustavo Porras, coordinator of the official Peace Commission [Copaz], has said that even when there is no agreement on the social and economic issue, there is a commitment between the URNG and the government to maintain the cease-fire as much as possible, and this is important.

[Begin Porras recording] The president's instructions are clear. He said that offensive actions must not take place. Both sides should be careful to avoid incidents that could create confustion and a different situation. There is a stated will and this should be handled carefully. I think the two sides should see to it that the main objective is accomplished: No more Guatemalan dead in this armed conflict. [end recording]

Porras said the guerrillas and the Army want to avoid confrontations that could endanger the civilian population. He said the Armed Forces can intervene whenever this becomes necessary.

[Begin Porras recording] The Army has the obligation to keep this from happening, but speaking realistically we must say this has been happening. This is what we have been enduring. What we are saying, and we are taking advantage of this round of negotiations to discuss it — although not at the negotiations table, since this is not an issue for the negotiations table — but during direct talks outside of the negotiations table — is that we have to find ways, I insist, to see to it that no one else dies. [end recording]

Panama

Panama: Canal Official on 'Potential' of Reverted Areas

PA0104131496 Panama City EL UNIVERSAL DE PANAMA in Spanish 31 Mar 96 p A1

[Report by Blas Arrocha]

[FBIS Translated Text] Panama Canal Institute Director Octavio Tapia said that a basic premise to make the waterway competitive is to change its military concept to a civilian one. He explained that the reverted areas must be used to develop industries, factories, trade in general, and encourage the tourism industry.

The goal, Tapia said, is for the Panamanian interoceanic area and the operation of the Panama Canal to become a stimulus for the Panamanian economy.

Tapia said that it will require investments, clear economic policies, and, basically, adequate planning for the use of the areas next to the canal.

"We must review the different ways to improve the canal," Tapia stated, adding that alternatives to the waterway are currently under study. He further said that they are waiting for possible opinions to surface on the economic aspects of the Panama Canal.

Tapia said that the Panama Canal Institute is a university research organization ascribed to the University of Panama.

He added that the organization is comprised of a group of scientists who are studying the Panama Canal, its historical, economic, sociological, and legal perspectives, as well as Panamanian-U.S. relations, and environmental and biological problems in preparation for its reversion to Panama in the year 2000.

Panama: Minister Denies Budget Deficit, Predicts Surplus

PA0104133596 Panama City LA PRENSA in Spanish 31 Mar 96 p 1A

[Report by Ibeth Vega G.]

[FBIS Translated Text] Planning and Economic Policy Minister Guillermo Chapman has denied the existence of a $120 million budget deficit and assured that, quite the contrary, the current fiscal year will finish with a surplus of approximately $30 million. "We will finish this year with a surplus that will make us the envy of the world, since we will be one of the few countries registering a surplus," Chapman added.

Chapman, on another note, announced that Panama and the private banking sector have reached an agreement to restructure a $3.5-billion commercial debt with creditor banks, which will be signed on 17 April. "That [the $120 million budget deficit] was evidently said by someone who knows how to multiply but knows absolutely nothing about economics or fiscal matters," Chapman stated.

Peregrino Sanchez, opposition legislator and member of the Budget Committee, announced this week that the 1996 General State Budget will be affected by a $120 million deficit.

Chapman, however, stated that there are no indications that the 1996 fiscal year will end in a deficit. "We even finished last year with a deficit totaling 0.4 percent of GDP."

According to Chapman, expectations are that "we will be talking about close to a $30 million surplus, give or take, by the end of the year. This will be due to the "clear and disciplined" fiscal management that the current administration implemented once it took over.

Chapman last week attended the Inter-American Development Bank's Annual Assembly. There, he announced that the final draft was reached with bank committee representatives on the agreement that will restructure Panama's international commercial debt. It will be signed on 17 April.

The minister, without going into details, said that "the restructuring consists of turning a five- to eight-year debt, which is overdue and accruing interests, into one part payable in 20 years, and another in 30 years."

Chapman stated that "the goal is to cut what we owe our international creditors by 31 percent and improve our credit rating, so whatever future loans the country receives will cost substantially less."

Panama: PNP Rejects Attempt To Renegotiate U.S. Presence

PA0104160396 Panama City LA PRENSA in Spanish 31 Mar 96 p 5A

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] The Popular Nationalist Party (PNP) has categorically rejected "any attempt" by the government to renegotiate U.S. military presence. It said that the alleged benefits will never compensate the "humiliations" the Panamanian people have suffered from the Southern Command.

After receiving an economic report on the military bases, the PNP said in a communique that the presence of its leaders in that ceremony this week "does not mean" (that the party) supports the government's willingness to extend U.S. military presence beyond the year 2000.

The report establishes that should Panama decide to negotiate the presence of U.S. military forces with that country, it should seek compensation that will contribute to the country's economic and social development.

Economists Jose Galan Ponce and Marco Fernandez prepared a report entitled Economic Assessment of the Withdrawal of Military Bases, which the government officially presented to Panamanian political party representatives last Thursday.

In its communique, the PNP said that "all actions concerning the so-called exploratory talks should cease immediately. Instead, we must dedicate all our efforts to guaranteeing the demilitarized use of our geographic position as our best tribute to our fatherland, which will celebrate 100 years of independence in the year 2003."

"We reject any attempt to extend U.S. military presence, as the alleged benefits will never compensate the humiliations the Panamanian people have suffered. In addition, they cannot be compared to the benefits Panama will receive by recovering that valuable portion of our national territory to use it in productive activities," the PNP document noted.

Panama Evaluates the Stay of Military Bases

Ernesto Perez Balladares' administration ordered an evaluation because it is studying the possibility of holding talks with the United States on the stay of a fighting strength of U.S. military forces in the canal area beyond the year 2000.

The report said that in the event negotiations are held on the continuation of at least 5,000 soldiers, Panama must try to obtain preferential economic treatment, including commercial agreements; mechanisms to guarantee investments; access, guarantees, and credit for development; in addition to assistance to promote tourism and investments.

The benefits should also include the development of projects to improve the country's economic and social infrastructure, as well as special cultural agreements such as the granting of scholarships to Panamanian students to study in U.S. universities.

Panama: Foreign Minister Meets U.S. Envoy to Venezuela

PA0104201896 Panama City EL PANAMA AMERICA in Spanish 31 Mar 96 p 1A

[Report by Henry Raymont]

[FBIS Translated Text] To avoid a schism between Panama and the United States because of the U.S. bases, Foreign Minister Gabriel Lewis Galindo met recently in Caracas with U.S. Ambassador to Venezuela Jeff Davidow.

At a ceremony held by the OAS in Caracas to sign a convention against corruption, Lewis Galindo and Panamanian Ambassador to Washington Ricardo Alberto Arias met with Davidow to present the position of the Panamanian Foreign Ministry regarding the bases, thus laying the ground work for more formal talks once Davidow assumes his new post.

According to reliable sources, the apparent urgency of Lewis Galindo's mission is due to the uncertainty that has emerged among sectors of the Clinton Administration concerning the intentions of the Panamanian Government to hold "informal talks" on the future of the military bases.

Earlier this year, U.S. Ambassador to Panama William Hughes hoped that the talks might be held "in a matter of a few months." However, the Panamanian Government has showed signs that it is not yet prepared to either begin "informal talks" or discuss negotiations.

Panama: U.S. Commander's Effect on Antidrug 'War' Viewed

PA0204023396 Panama City LA PRENSA in Spanish 31 Mar 96 p 46A

[Article by I. Roberto Eisenmann, Jr.: "McCaffrey Spoke Clearly... and Set the Record Straight"]

[FBIS Translated Text] General McCaffrey, who went from commander in chief of the Southern Command to drug czar at the White House, was — as usual — straightforward in his presentation to the Senate and press, during his confirmation process in Washington.

He clearly said that by accepting President Clinton's new job offer, he had moved to civilian life and that he did not plan to militarize the struggle against drugs.

He stated that the mistake of thinking that the solution was a military solution began with calling the struggle "the war" on drugs. He remarked that the victory against drugs did not lie in the hands of any army, the U.S. Army or any other army. A military expert such as this has rarely spoken. No wonder General McCaffrey is the most decorated soldier in the most powerful army on earth. In addition, he is a military officer who has spent the last years of his military career devoted precisely to the monstrous problem of drugs, because most production and transportation of drugs occurred in "his territory" (Latin America). The views he recently expressed in Washington are neither philosophical nor theoretical. These are the views from a respected military officer who comes to the post with fresh living experience beyond the shadow of a doubt.

What will be the ingredients of a multinational solution to a very serious multinational problem, such as drugs? It is difficult to know; however, we know for a fact that today's formula has been unsuccessful, that the struggle must be reformulated. We know that the "military war" has not yielded the expected results. At the other extreme are those who propose the legalization of drugs, because — they argue — it would reduce prices, exaggerated profits and, therefore, the entire operation would be legitimate. But I wonder, when there are Panamanians today at all social levels who are damaging their brains irreversibly with crack cocaine sold on the streets for 25 cents, how can we talk about reducing prices with the legalization? Will cutting the price of crack from 25 to 15 cents change anything? I believe it is a problem with very complex social origins, and I believe that "the solution" does not come from one extreme measure but from a set of multidisciplinary and multinational actions that we must all carry out. It is a dilemma for every citizen, for every country, for every father, mother, for every child, for every teacher, for every businessman, for every worker, for everyone! The scourge of drugs is very democratic: It touches on all of us equally, and it will not be resolved until we see the problem as "ours," putting aside every attempt to blame others or to compare ourselves with others to justify absolutely unjustifiable actions.

I don't resist the temptation to take the opportunity of closing this article by saying that the weak but only reasonable justification of the defenders of a permanent U.S. military presence in our country beyond the year 2000 — the war on drugs — has been eliminated from the picture by the most authoritative spokesman: The U.S. drug czar. Regarding the absurd, unconstitutional, anti-historical, and negative idea (for both countries) of keeping U.S. military bases in Panama beyond 31 December 1999, Gen. McCaffrey has set the record straight.

Panama: Development of Canal Properties Viewed

PA0104180896 Panama City LA ESTRELLA DE PANAMA in Spanish 1 Apr 96 p A1

[From the "LA ESTRELLA DE PANAMA's Opinion" column]

[FBIS Translated Text] The enthusiasm with which some officials, especially ARI [Interoceanic Region Authority] officials, strive to promote the reverted areas and those that will soon revert in order to maximize their utilization and development, is understandable and praiseworthy. But in some cases there seems to be some type of distortion, as if the former Canal Zone was something new and different from the rest of the country; a territory suddenly incorporated into the national geography, the appropriate commercial exploitation of which is of priority interest with respect to Panama, which would be absolutely absurd.

Not long ago we touched on this same subject, noting the inconveniences and dangers that the use of reverted land would have on the real estate market of our two largest cities, which are already depressed due to the oversupply of apartments for sale or rent, as well as buildings for offices.

We will be very pleased to see in Fort Amador, and other areas, large four- and five-star hotels, large shopping malls, casinos, restaurants, etc., but not at the expense of seeing similar establishments that already exist wither as a result of a competition that will be very difficult to combat.

Panama: New Law on Canal Represents 'Threat' to Panama

PA0204011296 Panama City LA PRENSA in Spanish 1 Apr 96 p 36A

[Article by Roberto N. Mendez]

[FBIS Translated Text] In February, President William (Bill) Clinton ratified the National Defense Authorization Act, Law No. 104-106 for 1996, Title XXXV, which includes the act or law on the Canal Commission for fiscal year 1996.

The new law turns the Panama Canal Commission [PCC], currently the U.S. Government agency responsible for administering the Canal, into a "government corporation." However, the new law did not give the PCC greater autonomy, an autonomy that would have "helped" the Canal's transfer and other administrative matters. On the contrary, section 1102 of the law decrees that the members of the board of directors "will vote in keeping with the wishes of the U.S. defense secretary."

The law authorizes the PCC, in section 1102.a.(d), to "sign contracts, leasing agreements, and conduct other transactions."

In addition, sections 1102b.(a) and (b) of the law give the PCC the powers "to acquire, establish, build, maintain, and operate" a considerable number of "facilities," including ports, power and water management plants, telephone communications "systems," housing units, warehouses, printing shops, "related" facilities, and even "recreational facilities."

Such powers violate the terms stipulated in the 1977 treaty. The annex to the text of the treaty bars the PCC from performing "both governmental and commercial functions," and point 4 of the said annex stipulates, in a detailed fashion, a number of activities denied the PCC.

The new law, by granting the commission (now corporation) virtually all sorts of commercial powers, is against the spirit and the letter of the treaty.

However, this law could lead the PCC to enter long-term agreements or contracts that comprise a large part of the administrative activities or maintenance of various aspects of the Canal management. These contracts could also be for long periods of time. For instance, a contract with a company for the management of the locks and related operations, including toll control, for a period of 20 to 30 years becomes a real possibility. The constitutional reforms (the title on the Canal) approved in 1994 confirm the validity of those U.S. laws and regulations in effect in the year 2000.

The history of Panama-U.S. relations shows that the interpretations by the U.S. leaders have often been unfavorable to Panama. Therefore, the recently approved title on the Panama Canal in the United States represents a threat to Panama and its aspirations to obtain benefits from the Canal when this reverts to its jurisdiction in the year 2000.

Because of this, I urge Panamanian nationalists to denounce the new law on the Canal and to be on alert in light of the danger it represents to the country.

Argentina

Argentina: Prison Uprisings Noted in Buenos Aires Province

PY0104141696 Buenos Aires TELAM in Spanish 2223 GMT 31 Mar 96

[FBIS Translated Text] La Plata, 31 Mar (TELAM) — The mutiny that began at the Sierra Chica Penitentiary today provoked uprisings within other penitentiaries in Buenos Aires Province: There were uprisings in the Azul and Olmos Penitentiaries in this city.

Penitentiary sources have reported that about 300 prisoners at the Azul Penitentiary and an undetermined number at the Olmos Penitentiary rioted in support of the 1,000 prisoners who mutined in the Sierra Chica Penitentiary.

The rebellion at the Sierra Chica prison began on 30 March when 16 prisoners tried to escape by scaling the outside wall with hooks manufactured from wire and a ladder made of bedsheets.

The prison's security personnel prevented the prisoners from escaping, but the prisoners used a .45 caliber weapon and returned to their cell block where they entrenched themselves. They took 10 guards and three evangelical pastors hostage.

Negotiations with the prisoners began on the night of 30 March when Judge Maria de las Mercedes Malere and her secretary visited the prison. They were seized by the prisoners and are still being held hostage.

Sources reported that to end the rebellion, the prisoners demand improvements in the penitentiary system and a series of measures that call for a modification of the Penal Code and the Code of Procedures. This was finally rejected.

After talking with the mutineers, Domingo Vitale, a Justicialist Party town councilman from the city of Olavarria, announced there is a dead prisoner called Benitez in the penitentiary. He said the prisoner died during the shootout at the start of the uprising.

Prefect Omar Jorge Palacios, chief of the penitentiary, tried to enter the sector that has been taken over by the prisoners. They prevented him by firing shots, but there were no victims.

The leaders of the uprising have been identified as Jorge Alberto Pedraza, Gabriel Benitez, and Marcelo Brandan Juarez. They are considered very dangerous due to their repeated attempts to escape and their heading of uprisings.

Justice Under Secretary Mario Flabo; Esteban Martinez, chief of the Provincial Penitentiary Service; and Carlos Pagliere, president of the Penal and Correctional Chamber, visited the prison this morning.

This group of officials also participated in negotiations with the mutineers seeking to get them to change their attitude.

The officials are expecting a second petition from the mutineers, who, according to sources, must resolve problems that have emerged among the mutineers in order to draft a new list of proposals.

Meanwhile, in the Penitentiary Unit No. 7, in Azul, some 300 prisoners took over the top floor after visiting hours were over and took an officer and three noncommissioned officers hostage.

The Azul Unit has a population of 339 prisoners and is under the jurisdiction of the Azul Judicial Department. It is currently headed by Judge Maria de las Mercedes Malere, who has been taken hostage by the prisoners in the Sierra Chica Prison.

Prefect Jorge Aguirre, the unit chief, talked with the mutineers just after the uprising started in an effort to restore order.

During negotiations with the leaders of the uprising, who have been identified as Marcos Barreto Gonzalez, Sergio Coronel Gomez, and Hector Gomez Zapata — all of whom are considered very dangerous — Aguirre managed to get one of the noncommissioned officers released.

Another uprising began in the Penitentiary Unit No. 1, in Lisandro Olmos, where 3,334 prisoners are lodged. An unknown number of prisoners took over the five floors of the cell area, but were unable to take over the sanitary, administrative, or the workshop sectors.

Sources of the Penitentiary Service told TELAM that the incident began at about 1530 [1830 GMT], when two guards were taken hostage. The prison authorities are evaluating the situation before beginning talks with the mutineers.

In the cases of the Azul and Olmos Penitentiaries, the mutineers told the penitentiary authorities that any decision they adopt will be directly related to what the Sierra Chica mutineers decide.

[Buenos Aires TELAM in Spanish at 1237 GMT on 1 April reports: "Prisoners at the Buenos Aires Province Olmos, La Plata, and Sierra Chica prisons today continue their mutiny. They have many hostages and are waiting for the authorities to answer their legal and penitentiary demands."

"The tense situation continued throughout the night at the four prisons following a general uprising on the afternoon of 30 March in the Sierra Chica Prison after a massive escape attempt was aborted."

The report continues: "Penitentiary sources have indicated that the riot at the Olmos, Azul, and La Plata prisons is in solidarity with the Sierra Chica prisoners. Solving the problem at Sierra Chica Prison could help negotiations in the other prisons."]

Argentina: Prisoners Promise To Respect Lives of Hostages

PY0104181696 Buenos Aires TELAM in Spanish 1453 GMT 1 Apr 96

[FBIS Translated Text] La Plata, 1 Apr (TELAM) — The leaders of the more than 1,000 prisoners who mutinied in Penitentiary Unit No. 1, in the town of Lisandro Olmos, today guaranteed they will respect the lives of the two penitentiary guards being held hostage.

The Buenos Aires Province Penitentiary Service told TELAM: "Penitentiary authorities have talked with the leaders of the uprising. They have promised that the lives of the two hostages," who have been captive since noon on 31 March, will be respected.

The sources added: "An angry and nervous prisoner shouted from a terrace that if the situation is not resolved by noon they will kill a hostage, but that was a personal remark. Those heading the uprising have guaranteed the lives of the two agents."

It was said that "penitentiary authorities and human rights representatives are waiting in the administrative sector of the prison for the prisoners to descend from the terraces, where they staged their uprising, in order to talk with them."

Relatives of the prisoners told TELAM: "The prisoners are calm, although no judicial or government authorities have visited the prison" since the uprising on 31 March in support of the uprising that occurred in Sierra Chica.

They indicated: "The prisoners want the San Jose de Costa Rica Pact to be complied with, and a cut in sentences for car stealing."

Olmos has some 3,300 prisoners that represent 30 percent of the total provincial prison system. Their trials began in Buenos Aires Province.

Argentina: Inmates at Rosario Precincts on Hunger Strike

PY0104182696 Buenos Aires TELAM in Spanish 1502 GMT 1 Apr 96

[FBIS Translated Text] Rosario, 1 Apr (TELAM) — Sources close to the local branch of the Permanent Assembly for Human Rights (APDH) have reported that inmates being held at six police precincts in Rosario and at the Police Headquarters prison have submitted a petition listing several demands and began a hunger strike today.

Lilian Echegoyen, an APDH member, said the petition signed by the detainees was addressed to Chief Judge Ramon Teodoro Rios of the Criminal Court of Appeals, and was submitted to the six police precincts.

Replying to a question on this event, Judge Rios referred to overcrowding in jails — one of the grievances aired by the inmates — saying he favors "addressing the issue in light of the critical budgetary situation."

Echegoyen, who is on the commission on inter-prison work, told the press today that convicts from the Corona penitentiary expressed solidarity with the hunger strikers by declaring a stoppage.

Without mentioning the number of inmates on hunger strike, Echegoyen stated that all arraigned inmates currently held at Police Precincts No. 1, 7, 12, 14, 20, and one of the three prisons within Police Precinct No. 3 observed the strike action.

In their petition, inmates request an investigation into the mutiny and fire that occurred on 19 March at Police Precinct No. 15, in which five inmates died.

The APDH representative said the inmates also protested "against the slowness with which cases are handled and judges' undue use of restraints on freedom during trials."

Argentina: 4 People Said Killed in Sierra Chica Riot

PY0104201396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1608 GMT 1 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 1 Apr (NA) — According to unofficial reports, the tense situation prevailing in four Buenos Aires Province prisons, where 5,000 inmates have mutined and taken 25 hostages, was aggravated this morning when a shooting, in which at least four people were killed and many others were injured, occurred in the Sierra Chica prison.

Four inmates were allegedly killed and three prison guards were reportedly injured during the shooting that occurred, for unknown reasons, at about 0930 today.

It was unofficially leaked that the prison deputy director, identified as Francisco Pierno, who was included among the hostages on 30 March, has been injured and urgently taken to the Olavarria hospital, with a serious abdominal wound. [passage omitted]

[Buenos Aires NOTICIAS ARGENTINAS in Spanish at 1724 GMT on 1 April reports: "Maria del Carmen Falbo, the Buenos Aires Province justice under secretary, admitted this afternoon that 'at least three people are' allegedly 'lying dead' inside the Sierra Chica prison, which is still under the inmates' control.

["Nevertheless, Falbo acknowledged that 'there is no official information in this regard,' as the reports have been leaked by inmates' relatives.

["Chatting with NOTICIAS ARGENTINAS, Falbo did not rule out the possibility of the inmates 'surrendering the prison' over the next few hours, as 'disagreements have allegedly cropped up among the riot leaders.'

["Nevertheless, the Buenos Aires Province justice under secretary explained: 'For now there is no direct contact with the mutineers, but it is known that there are 17 hostages, including an Azul judge, and that all of them are well.'"]

Argentina: Menem Sees 'Scheme' Behind Prison Mutinies

PY0104184696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1708 GMT 1 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 1 Apr (NA) — President Carlos Menem said today it seems "a scheme concocted by somebody who must be pulling the strings" is behind the mutinies that broke out in several penitentiaries in Buenos Aires Province. The head of state called upon judiciary officials to maintain their "equanimity" to "prevent further damage."

Menem told Radio Nacional: "I have discussed the issue of the mutinies with Justice Minister (Rodolfo) Barra and Interior Minister (Carlos) Corach. I am being kept informed of the situation and I asked them to keep their composure. I would rather not discuss this issue further because we are facing a very delicate situation." [passage omitted]

The justice minister stated that the federal government will furnish "every assistance solicited by the Buenos Aires Province" to overcome the mutinies in several penitentiaries in that province.

Reporting about the prison crisis at Government House today, Barra explained that while penitentiaries in the province remain outside the federal government's jurisdiction, "they are cooperating with the provisional transfer of prisoners to several federal penitentiaries" at the request of the Buenos Aires provincial government.

Argentina: Batan Penitentiary Inmates Rise in Mutiny

PY0104191596 Buenos Aires TELAM in Spanish 1808 GMT 1 Apr 96

[FBIS Translated Text] Mar del Plata, 1 Apr (TELAM) — Penitentiary sources have reported that an undetermined number of inmates from the high security wing of Penitentiary No. 15 in Batan — 9 km from Mar del Plata — mutined this afternoon.

The sources told TELAM that the incident flared up shortly after noon, but did not mention if the mutineers had taken any hostages. They asserted that for the time being, the situation was calm despite the mutiny.

Argentina: Sierra Chica Prison Inmates Hold 14 Hostages

PY0204040896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0113 GMT 2 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 1 Apr (NA) — The conflict in more than half a dozen prisons in Buenos Aires Province, which was also supported by inmates at Caseros and Devoto Prisons in the federal capital, deteriorated today with the death of three of the inmates who had taken control of the Sierra Chica Prison since 30 March.

The report, which was not officially confirmed, was released at the prison entrance by Olavarria Justicialist Party Councilman Domingo Vitali.

Maria del Carmen Falbo, Buenos Aires justice under secretary, recognized that there were "at least three people dead" inside the prison, which is still controlled by inmates. [passage omitted]

During the day inmates of the Caseros and Devoto Prisons in the federal capital; inmates from the Batan Prison in Mar del Plata; and inmates from the Dolores Prison joined the movement in support of the demands set forth by inmates at Sierra Chica, La Plata, and Azul Prisons.

At Batan, inmates did not take over the installations or take hostages. This afternoon they presented a list of demands to Judge Pedro Federico Hoff. Meanwhile, inmates at the Caseros and Devoto Prisons organized a noisy demonstration this evening.

At noon, 59 women inmates from Unit No. 8 in Los Hornos Prison started a hunger strike in solidarity with those arrested in the other prisons. Hundreds of inmates started a similar action in Bahia Blanca.

The same situation occurred at the Ezeiza Women's Prison, although this institution is under federal jurisdiction.

At night, inmates reacted in demand of better conditions at the Dolores Prison. They attacked the guards and took two of them hostage, although during the repression one of them allegedly received a rubber bullet shot.

The tense situation found some relief when Olmos Prison inmates reached an agreement with provincial prison authorities, although the total lifting of the protest was conditioned to what happened at Sierra Chica. [passage omitted]

Sierra Chica rebellious inmates are still holding Judge Maria Melere and Secretary Ruben Alvarez — the two were taken hostage after they entered the unit to talk with inmates — nine prison guards, and three Evangelist ministers as hostages.

This situation provoked the indignation of Maria Falbo, Buenos Aires justice under secretary. She said that "nothing will be negotiated under pressure, least of all if inmates keep hostages in their power." [passage omitted]

The demands of the rebellious inmates in Buenos Aires jails are similar: The reduction of prison terms for car theft, the application of the two-by-one law — its implementation reduces terms for cases waiting for sentences — and a substantial reduction in bails, allegedly because many inmates would be able to walk out if bails were reduced. [passage omitted]

Argentina: Menem's Middle East Peace Efforts Praised

PY0204010096 Buenos Aires TELAM in Spanish 1847 GMT 1 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 1 Apr (TELAM) — UN Secretary General Butrus Butrus-Ghali today expressed support for President Carlos Menem's efforts in the Middle East crisis and asked him "to continue insisting" with his efforts to close the breach between the Palestinian and Israeli Governments.

The head of state confirmed that he talked with Butrus-Ghali over the phone today. Menem did not rule out the possibility of a new contact with Israeli Prime Minister Shim'on Peres.

I spoke with UN Secretary General Butrus-Ghali today. I briefed him on the very difficult situation at the border between Palestine and Israel," Menem said in a dialogue with Radio Nacional.

"Mr. Butrus-Ghali asked me to persist with what I am doing. He is also concerned and I will try to talk with Shim'on Peres again. Peres is a very good friend of mine and of Argentina's," Menem said. [passage omitted]

The Argentine president confirmed his will to continue with his mission of good offices to try to find a solution to the Middle East conflict.

"I have taken up this mission thinking about my origins. I want peace for the world and more than anything peace for this region, which is where my parents came from and where I have so many relatives and Arab and Jewish friends," Menem said. [passage omitted]

Asked about the blockade, Menem clearly differentiated the Israeli blockade at the border with Gaza from the blockade imposed by the United States against Cuba.

"The United States has imposed a blockade against Cuba. What happens in the Middle East is the consequence of 50 years of war, many times on the surface and often with terrorist acts," the president stressed.

Menem also confirmed that "the trip of White Helmets (to Gaza and the West Bank) has already been arranged. (Octavio) Frigerio is working on it."

The president added that "we are also contemplating sending White Helmets to Rwanda. I talked about it to Butrus-Ghali. The mission is being prepared and we will have news about it this week or next."

Argentina: Official Says Corruption 'Serious' Problem

PY0204035196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1607 GMT 30 Mar 96

[FBIS Translated Text] Buenos Aires, 30 Mar (NA) — Deputy Economy Minister Juan Llach today acknowledged that corruption in public office is one of the most serious obstacles currently affecting Argentina and all Latin American countries in general and that this impairs them from achieving development. He stressed, however, that the Argentine administration has lowered corruption levels by "reforming the state and privatizing companies."

Addressing about 300 business leaders attending the closing ceremony of the Latin American Christian Businessmen Congress sponsored by the Christian Association of Business Executives (ACDE), Llach said: "Corruption is a serious problem."

In his address to the businessmen, Llach also acknowledged that Latin American countries have "a social debt that must be resolved."

At the end of the ceremony, Llach told NOTICIAS ARGENTINAS that he was not surprised about the businessmen's "concern" about unemployment, corruption, and the "social cost" of the economic opening and reorganization promoted by the administration.

While he was warmly greeted by numerous ACDE attendants, Llach commented: "Why should I be surprised about it, if we are striving to combat these same problems?"

Among those attending the closing ceremony was Gustavo Beliz, Buenos Aires city hall candidate for the New Leadership party. Although Beliz followed Llach's speech very closely, he did not personally greet Llach.

Speaking about the "New Role of the State in the Global Economy," Llach, who is the former economic programming secretary, said that Latin America "has been the continent of inequality." He admitted that Latin America has a "social debt that must be paid."

Llach, who listed some facts that show the inequity affecting Latin America, said: "The only thing we cannot do is to ignore this situation."

Among others, Llach said that 10 percent of the wealthiest sector of the population in Latin America "controls 40 percent of the incomes," while in developed countries and even Asian countries, this percentage is reduced to 20 percent.

Llach remarked: "I am certain that inflation is one of the reasons for this regression." He also criticized "populist policies which in the past caused a 15-percent drop in the GDP and a 10-percent increase in unemployment."

He said: "That situation was unbearable and it had to blow up at a given time because instead of compensating an increase in public expenses with more taxes, it was resolved by implementing regulations that increased inflation."

He added that Latin America was the "continent of political instability and inflation and that it was the only continent to have experienced hyperinflation without waging a war."

Speaking about the challenges Argentina is facing, Llach said that a second state reform "is imperative in order to consolidate what has been accomplished and achieve well-being, which should be centered on the individual because otherwise it is doomed to fail."

The issue of social solidarity and tax evasion are two other subjects that concerned Christian businessmen and they were the center of the many questions Llach had to answer at the end of his speech.

Llach also defended the Economy Ministry's decision not to regulate the entry of capital by stating that "those who think that Chile is better off after the 'Tequila' effect because it enforced restrictions are wrong. It did so because of its savings capacity."

In this regard he also mentioned "the low savings level in Argentina, which is only 18 percent of the GDP," and stressed the role that retirement systems must play to increase savings.

Finally, Llach defended the administration's work by noting that for decades the Argentine Government "spent $20 billion for purchases while a large percentage of this sum was used for corrupt transactions and now the government spends 4,000 [not further specified]." He also stressed the need for "disclosing more information about the handling of public funds."

The fact that Llach's speech was well received was expressed by a businessman who refused to be identified when he said: "There is no need to worry while Llach is deputy economy minister." The businessman, however, did not explain to what he was referring.

Argentina: Menem's 'Good Offices' With PLO, Israel Viewed

PY0204014296 Buenos Aires LA NACION in Spanish 31 Mar 96 p 8

[Editorial: "Menem's Good Offices"]

[FBIS Translated Text] With considerate promptness, Israeli Prime Minister Shim'on Peres acknowledged President Menem's concern over the means required for saving the Palestinian population from unnecessary suffering caused by the closure of borders implemented after the terrible succession of attacks in Israeli territory with which terrorism made an attempt to scuttle the peace process.

For now, Peres pledged to implement a gradual relaxation of the blockade by lifting the barriers preventing the entry of food and medicine into the Gaza strip and the West Bank, a measure anticipating, apparently, the reopening of those borders that had been usually crossed — until the occurrence of the extremely serious fundamentalist attacks — by thousands of Palestinians who every day went to Israel to work and returned to their homes to spend the night.

This has been the first result of the so-called Menem mediation — for the sake of accuracy, the president prefers to describe his effort as good offices. Menem's mediation was prompted by a petition made by Palestinian leader Yasir 'Arafat and initially involved Interior Minister Carlos Corach's talks with 'Arafat and Peres.

As Menem's effort was described as altruistic and goodwilled, deliberately detached from the analysis of political events of and global prospects for Palestinian-Israeli relations, the Argentine president's steps before both leaders and before the U.S. Government certainly deserve words of praise as they have contributed to alleviating the tense situation prevailing in that region, despite the suspicions and comments on the possibility of taking political credit for them that had been raised locally. In a nutshell, it is irrelevant if there are or there are not any grounds for these suspicions and comments.

The solution to the difficult problems that are separating Israelis and Palestinians is progressing through channels other than those very modest channels used for the Argentine Government's efforts, for reviewing tangential aspects or circumstantial drifts on the basic issue. Nevertheless, it is stimulating for these efforts to yield positive results and notice how the leaders of the conflictive communities respond to the peace calls issued by a country where Arabs and Jews coexist in peace and have indisputably become leading actors.

Argentina: Minister Returns From Middle East, France

PY0104150496 Buenos Aires TELAM in Spanish 1046 GMT 1 Apr 96

[FBIS Translated Text] Buenos Aires, 1 Apr (TELAM) — Interior Minister Carlos Corach returned today after carrying several tasks in the Middle East, where he met with Palestinian President Yasir 'Arafat and Israeli Prime Minister Shim'on Peres.

Corach arrived this morning at 0730 at Ezeiza International Airport from Paris, where he remained for 2 days.

Brazil

Brazil: Banco do Brasil Role Viewed

PY0104152396 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Mar 96 Section 2 p 6

["Exclusive" interview with Banco do Brasil President Paulo Cesar Ximenes by Frederico Vasconcelos and Celso Pinto on 21 March, in Sao Paulo]

[FBIS Translated Text] [FOLHA] How can the Banco do Brasil [BB] relate its social responsibility with the need to be profitable?

[Ximenes] The BB is a large retail bank, which operates in the rural area, and with small and mid-sized enterprises. It will continue those operations. That is a social function involving the financing of productive activities at the lowest possible cost. From a social viewpoint it is important to work as efficiently as possible to charge the lowest fees while still being profitable.

[FOLHA] You are seeking 8 billion reals [R] from shareholders. What guarantees can you give to be profitable?

[Ximenes] I must improve the level of risk posed by our loan clients. Most of them are good, but I must improve our loan portfolio. I must increase the number of services in order to increase profits. I will never compare the BB, in terms of profitability, with a bank that operates from an office in a tall building and that concentrates on just a few clients.

[FOLHA] Yet, this does not mean the BB can have a R4 billion loss...

[Ximenes] The growth of the value of the real, at the start of the plan, was unprecedented (and caused a huge loss to the BB).

[FOLHA] The private sector felt uncomfortable when the BB started operating in the insurance field. Is this legitimate effort to increase profits inconsistent with the government's privatization efforts?

[Ximenes] I don't think so. A butcher shop would not survive if it sells only the cheapest cuts of beef. I cannot operate only in the less profitable sectors of the market. I must find as many better sectors as I can.

It is not contradictory. This is an enterprise. If it is to be privatized, it will have a large insurance portfolio, with a much higher added value. If nothing else because the BB must not limit its action to fields in which the private sector is not interested, it must stop being an just an enterprise and become an autarkic state institution. To survive as an enterprise, it must be competitive.

[FOLHA] By improving its performance you are transforming the BB into an increasingly interesting candidate for privatization, right?

[Ximenes] I don't know. Many objections can be raised. I don't know what a privatized BB will be like. The government has so far backed the BB because it has political and credit interest in it. I am not sure if a privatized BB would be attractive without that political and credit interest.

[FOLHA] Do you believe the BB is indispensable as a state-run enterprise?

[Ximenes] We are changing from being a country in which there was strong state intervention in the economy, to a country in which the productive sector has just been privatized. I believe the BB is going in that direction, giving private minority shareholders more participation in the bank's management.

[FOLHA] During 1995 the bank had its first taste of recovering credits from unreliable borrowers. Did that negotiation involve a high discount?

[Ximenes] The two are very different. In many cases there were discounts. The contract provides for very high rates. If you demand everything established in the contract, you may end up getting nothing.

[FOLHA] There have been strong objections to the cleanliness of BB balance sheets. Do you agree?

[Ximenes] On the contrary, the bank may have had many managers but only a few — very good — accountants. We have a new auditor, Trevisan.

[FOLHA] Have you detected any irregularities?

[Ximenes] There are no frauds. I did not find any improper accounting technique used to conceal anything. There could have been a credit policy with which it might have been easier to conceal a problem. If someone agrees to the automatic rescheduling of debts and interests, and if the manager who did it — instead of admitting he approved a bad loan — authorizes the rescheduling, the case will in the end be unveiled.

[FOLHA] Was it an official policy, a bank guideline?

[Ximenes] No, no. It was inside the bank, in the general credit area.

[FOLHA] Are there any guarantees the BB will not continue to be a political instrument?

[Ximenes] I believe the participation of minority shareholders in the bank's Administrative Council is a way to eliminate that.

[FOLHA] Do other institutions give the same power to minority shareholders? Minority shareholders' votes are usually defeated.

[Ximenes] It is a new, unprecedented structure. The government is recognizing that we must find the best way to guarantee the position of private minority shareholders.

[FOLHA] How will the credit committee work?

[Ximenes] It has operated since I joined the bank. It ended individual decisions. Now a meeting is necessary to approve a loan.

[FOLHA] Banespa [Sao Paulo State Bank] had a credit council. There were cases where operations were approved by the board of directors, vetoed by the credit council, yet they were still granted. What can be done to make the credit council really effective?

[Ximenes] By strengthening the internal audit. I doubt the BB credit council can be eliminated. Any operation granted in the terms you described will be detected by the internal audit. In the case of Banespa, the concentration of credits for public companies was what most harmed the bank.

[FOLHA] But there were also many scandals with credits to the private sector. Banespa and Banerj [Rio de Janeiro State Bank] were a demonstrative-effect: The banks have not gone bankrupt, they have not been privatized, but their administrators are subject to a confiscation of assets. The BB will not go bankrupt. Will the administrators suffer any punishment?

[Ximenes] I will take to court any bank manager who grants a loan that should have not been approved.

[FOLHA] Does the bank of Brazil have many such cases?

[Ximenes] Yes. The internal audit detects them and the controller evaluates whether a lawsuit is applicable.

[FOLHA] Do you admit that even after the reduction of personnel the bank continues overstaffed, compared with private banks? What is the ideal size for its efficient operation?

[Ximenes] Considering the technological level of the BB, it has the amount of employees it should have. We are investing in technological improvements to adjust the two aspects. One technically make the decision to close a bank branch but then begin a negotiating stage to try to recover it. If I could, I would not close any branch.

[FOLHA] Is there a goal for reducing staff in the branches?

[Ximenes] There is an idea about that. But it is the kind of thing I do not like to talk about, because it ends by creating great discomfort.

[FOLHA] Could that adjustment not have been made earlier?

[Ximenes] The bank did make an adjustment. In 1995, 30,000 employees were dismissed.

[FOLHA] But it was not enough.

[Ximenes] It was enough for the level of technology at that time. I have an investment program in technology. We must adjust levels of personnel.

[FOLHA] Let us test this "game of truth" which the bank announced as part of its new campaign. Which was the worst administration for the bank? The military, Collor, or Sarney?

[Ximenes] It is hard to tell. At the end of the 1970's, the BB was used to finance public companies and their investment programs. It ended being the greatest creditor of the foreign debt. The banking system received rivers of money while the BB remained stranded amid all those assets, the whole time. Was it bad for the BB? Yes it was. Was it bad for the government? No.

[FOLHA] And what about more recently?

[Ximenes] Look at the Proalcool [Alcohol Production Program]. The objective conditions changed, the Proalcool program remains a problem, and the BB is the financier with billions of reals granted in loans. It is hard to make an evaluation. These are economic policy decisions.

[FOLHA] Isn't it contradictory for the government to assist the BB and sugar mill owners at the same time?

[Ximenes] They are not assisting the BB. That is the responsibility of the bank superintendent.

[FOLHA] Regarding sugar mill owners, do you accept the word "assist"?

[Ximenes] Sugar mill owners have been discredited. The government is partly to blame for this for having launched the Proalcool program and then not readjusted as required. The BB is not prepared to assist just anyone.

[FOLHA] What kind of debtor is the worst?

[Ximenes] The greatest problems we have are in the general credit area, not in the farming sector.

[FOLHA] Does the bank have a list of people who most benefited from special operations?

[Ximenes] God preserve me from making a list of that kind, with that objective. I will never have to do it. My objective is to know the situation about the credits and to recover them.

Brazil: New Portuguese President Grants Interview

PY0104191996 Rio de Janeiro JORNAL DO BRASIL in Portuguese 25 Mar 96 p 7

[Interview with Portuguese President Jorge Sampaio by Norma Couri in Lisbon "17 days after his installation"]

[FBIS Translated Text] [Couri] Is it difficult to replace President Mario Soares?

[Sampaio] It is you, journalists, who like to make comparisons.

[Couri] But you agree that Soares had an uncommon style.

[Sampaio] (Laughing) I have been in office for 17 days. What do you know about my style?

[Couri] One way or the other, it is more discreet than your predecessor's.

[Sampaio] I am not the most discreet of persons, but I am no populist.

[Couri] Can you cite any political leader whose attitude has influenced you?

[Sampaio] A German politician, Willy Brandt; a Swedish one, Olof Palme; a U.S. one, John Kennedy. We have also been influenced in Portugal by Juscelino Kubitschek.

[Couri] Your faction within the Socialist Party is more leftist than Soares', right?

[Sampaio] I am now the president of all factions. I am out of this debate.

[Couri] Are you also out of the debate with Prime Minister Guterres, who defeated you in the election for your party's leadership four years ago?

[Sampaio] I have disputed the position on the basis of principle, not to win or to lose. One must know how to lose. Who would have said in March 1992 that in March 1996 I would be occupying the presidential chair?

[Couri] You had just lost the legislative elections to Cavaco Silva.

[Sampaio] This is what has determined the change in attitude. The previous administration governed with an absolute majority. The current one doesn't.

[Couri] The Socialists have lost the majority by only four seats.

[Sampaio] And one can already see how many disagreements this creates in the debates.

[Couri] At least, you do not have to coexist with the ghost of the right, as has occurred in the last 10 years.

[Sampaio] I remain socialist; I have not returned my party's identity card. The position I am occupying now is that of exemption; I am ready to work with everyone.

[Couri] Administrations over the past 10 years have treated Portugal very badly.

[Sampaio] They were administrative models that failed. This is why the current president has to be a fighter, meanwhile putting aside sadness. The country has changed. We now have to confront the lack of competitiveness of our enterprises, to create solidarity between unequal classes, to modify this political model meant for figures and not people, and to solve the frightening unemployment crisis (out of a population of 10 million, 500,000 Portuguese are unemployed). At the time of the aforementioned 1991 legislative elections, I already talked about these problems, but I was told then that I was preaching disgrace when everyone else was optimistic.

[Couri] Are there new problems, such as racism and xenophobia?

[Sampaio] Watch out. I preach tolerance, but I cannot say that we are racists.

[Couri] Do you admit that there have been changes?

[Sampaio] If you refer to Brazilians, this difficulty has already been overcome. We cannot judge a society for the excessive zeal of one of its areas (in this case, the Foreigners and Borders Service). Conflicts begin to pop up when jobs become scarce.

[Couri] But there have been specific problems....

[Sampaio] And they have been condemned by all. Brazilians are not foreigners. The competition for jobs and diplomas is not aimed against Brazilians.

[Couri] What you mean is that there would have been similar problems with Japanese or Chinese people?

[Sampaio] Of course. There is no difficulty between Portuguese people and Brazilians that we cannot solve.

[Couri] Are you a friend of President Fernando Henrique Cardoso?

[Sampaio] I have been at his house in Sao Paulo and he phoned me a few minutes after my electoral victory. We have many common friends from our days in exile — but this is not all. Racism goes against our rules. Guterres will go to Brazil next month and the Community of Portuguese-Speaking Countries will become a reality. Brazil is the 10th commercial power in the world and Portugal is no longer a land of poor little ones. There is a lot to do and to develop, and there are many opportunities for investment. Feeling nostalgic about the past is no longer enough.

[Couri] You say that because you belong to a generation that believes that Brazil still matters.

[Sampaio] If there had been discrimination, the television soap opera shows would not be so successful — at the time of the Gabriela soap opera show, even the Council of Ministers suspended its activities to watch it.

[Couri] Do you watch soap operas?

[Sampaio] Yes, I do. I like Lima Duarte and Bete Farias [two famous Brazilian soap opera stars]. But it is not only the actors that we like. Portugal has been influenced by [former President] Janio [Quadros'] sweeping broom (laughs), Machado de Assis [nineteenth-century author], Erico Verissimo [writer of the late modern period born in Rio Grande do Sul], Guimaraes Rosa [diplomat and regionalist writer], Jorge Amado [most popular living writer in Brazil]....

[Couri] What about Glauber Rocha [Brazilian motion picture producer]? You appeared in the movie "The Guns and the People," which was about the first seven days of the 1974 socialist revolution.

[Sampaio] I was a lawyer for political prisoners, just like Mario Soares. He invited me for the first political trial when I was 24 years old.

[Couri] Were you in Portugal when Salazar was ousted?

[Sampaio] I was in Paris, and had purchased tickets for three movies sessions as a cover to be able to attend a clandestine meeting, scheduled to be held in a place no one knew about. The meeting was finally held in a bus crowded with progressive Catholic Church members, Marxists, and so-called non-Leninist Marxologists, as well as existentialists. When I finally got off the bus, I read the news in LE MONDE. The meeting had been useless after all.

[Coutri] Do you believe that in the current international situation the left has a raison d'etre?

[Sampaio] I do not much care for the left-right dichotomy. I believe in a world of solidarity, with citizens who participate in their countries' affairs, and in well-balanced societies.

[Couri] What is your opinion about Alvaro Cunhal, secretary general of the Portuguese Communist Party, who is perhaps the communist with the most conviction in all of Europe?

[Sampaio] He has been one of the most important figures in Portugal for the past 50 years.

[Couri] And about Jose Saramago?

[Sampaio] He is my friend and has just sent me a letter recalling the few days when he was president of the Municipal Assembly and I was the mayor. He couldn't stand the brouhaha and left the match unfinished.

[Couri] You play soccer, don't you? Are you good at it?

[Sampaio] I am a left fullback. I kick the ball with my left foot. But I am good at analyzing tactics, at thinking about the game, and at studying the field.

[Couri] Do you like any other sport?

[Sampaio] Bullfighting, but don't ask me why. I have many interests; I like many things. Detective stories, for example.

[Couri] How does an agnostic president see the Universal Church of the Kigndom of God?

[Sampaio] Making distinctions between what is religious tolerance and personal needs, and deeds that have nothing to do with religion.

Brazil: Sivam Project Leaves Committee, Goes to Senate

PY0204034696 Rio de Janeiro O GLOBO in Portuguese 30 Mar 96 p 4

[FBIS Translated Text] Brasilia — After 45 days in the hands of Senator Antonio Carlos Magalhaes (Liberal Front Party-Bahia), president of the supercommittee for the Sivam [Amazon Region Surveillance System] project, the report supporting the 1.4 billion real financing by the Eximbank and the contract that has been signed with the U.S. Raytheon Company for implementation of the Sivam project was read in the Senate on 29 March. It can now be included on the voting agenda. Now that Senator Ramez Tebet (Brazilian Democratic Movement Party-Mato Grosso do Sul) has read the report, the project will have to wait for a period of five congressional sessions for the presentation of possible amendments. Senator Magalhaes had been delaying reading of the report in the Senate because the sale of the Economico Bank to the Excel Bank was taking too long to go through.

Chile

Chile: Insulza, Garcia Uphold Mercosur Entry

PY0204031396 Santiago EL MERCURIO in Spanish 30 Mar 96 pp A1, A28

[FBIS Translated Text] Chile's partnership with the Common Market of the South (Mercosur) will grant it privileged access to that bloc that represents a universe of 200 million consumers and is currently, after Asia-Pacific, the area of the world with the greatest growth rate.

In addition to this privileged assess are also the benefits the Chileans will have as a result of an estimated growth of jobs, higher salaries, and lower prices for national consumers.

The modernization and/or retooling of productive activities to face greater competitiveness and all the possibilities for the establishment of joint ventures with the Atlantic as well as the Pacific markets in mind are other estimated positive effects the trade agreement with Mercosur will have.

To show that the government will not be influenced by the measures of pressure the agriculture sector has agreed to implement — among them, the protest staged yesterday by farmers in southern Chile — Foreign Minister Jose Miguel Insulza and Economy Minister Alvaro Garcia endorsed President Eduardo Frei's statement that the Executive Branch will not change its mind regarding its intention of reaching, in the short term, an agreement with the subregional organization.

While Insulza accused certain sectors of distorting information and figures to show the alleged damage the commercial liberalization, resulting from the entry to Mercosur, would cause the Chilean economy, Garcia stressed that the government's decision is definite: "There is no turning back in our negotiations with Mercosur. We only intend to continue making progress because we are convinced, as are the great majority of Chileans, that Mercosur is the great driving force for the country's development."

Insulza said that the negotiations are in their final phase. "The decision has been made. There are still a few issues to be discussed and regarding some of them we have made quite a lot of progress these past few days and I believe we will be able to announce the end of the negotiations shortly."

The foreign minister harshly refuted charges by leaders of the agriculture sector, who, during the past few days, charged that they had not been duly consulted nor informed about the concessions Chile is making to the four Mercosur member countries.

Mentioning examples of the concrete occasions in which government authorities informed the sectors involved in this agreement, Insulza urged the representatives of exporters and farmers who have participated in those agreements to admit that they have never been denied any information they requested. He said that, at the most, they have been asked to handle some of the information confidentially in view of the fact that negotiations are under way.

He also explained that the agreement with Mercosur is an economic cooperation agreement and falls within the framework of the Latin American Integration Association (ALADI). Therefore, the president of the Republic is explicitly authorized by the Constitution to negotiate and sign it. In other words, this agreement does not need to be ratified by Congress and, less still, contested by any other branch.

The polemic stirred by Chile's entry to Mercosur reached its peak these past days with the farmers' protest. Consequently, since 0700 on 28 March, several portions of the southern Panamerican Highway No. 5 were blocked by farmers.

Carrying posters with slogans such as "No to Mercosur," "No to imported sugar," "Here lies the agriculture," "Mercosur, solution or latifundium?," the farmers expressed their concern regarding the possible damages the import of goods from other members of the organization may represent for this sector.

Ernesto Correa, chairman of the National Agricultural Society [SNA], summarized the sectors disagreement by asserting: "The government has deceived us, not a single agricultural sector will benefit with the agreement."

The farmers are really irritated and, although the government is really determined, the executive branch must bear in mind the domestic cost that signing an agreement with Mercosur may represent, especially if it is being threatened with indefinite mobilizations.

For this reason the subject was discussed at length yesterday during a meeting at the Foreign Ministry headed by Insulza. As well as Garcia, the meeting was attended to Alejandro Gutierrez, acting agriculture minister; Edgardo Riveros, under secretary general of government; Carlos Mladinic, director general of international economic relations; and Pablo Harper, government communications and culture director.

What really bothers the government, and especially Minister Insulza, is that the executive branch is accused of not handling the issue in an open manner and of not having opportunely informed the agro-industrial sector of the terms under which the agreement with Mercosur will be signed.

The main complaints in this regard are that Chile is allowing the entry of agricultural products, such as beef, sugar, and oil seed, which will simply damage the Chilean production.

The main objection is to the agreements related to the granting of quotas for the entry of a certain quantity of goods that Chile has requested be kept on the list of exemptions.

Insulza said that the agreement with Mercosur has been discussed at various forums in which the private sector representatives participated as well as that headed by Minister Garcia. He even recalled that the businessmen had even appointed a coordinator with the public sector, that is, Domingo Arteaga, who — according to Insulza — was kept permanently informed about the development of the negotiations.

He also mentioned the various meetings he held with SNA leaders and the reports that were submitted to the two houses of Congress. He also mentioned the meeting that Carlos Mladinic, coordinator of the negotiations, held in Valdivia with the SNA before leaving for Buenos Aires, where the last round of talks were held, as well as the meeting Garcia held with representatives of the area after the aforementioned meeting with Mercosur.

After stating that those who today claim to be misinformed have been in permanent contact with Agriculture Minister Emiliano Ortega, Minister Insulza emphatically stated: "No information on any aspect of the negotiations has been withheld from them."

Insulza made an appeal to establish the difference between disinformation with another very different situation: The fact that there have always been people who have been against the negotiations with Mercosur.

"But, please, let's stop saying there has been a lack of information because we would have to show them — and that would be easy for us — the list of meetings we have held with them and the subjects about which they were informed. There is not a single topic they were not explained. What bothers us is that they have been coming up with arguments that represent a true disinformation for the citizenry, by disclosing inaccurate data and distorted figures."

For this reason Ministers Insulza and Garcia and acting Agriculture Minister Alejandro Gutierrez explained some details.

In Garcia's opinion, one must bear in mind the fact that Mercosur will grant Chile a privileged access to a market of 200 million inhabitants and to a more dynamic zone and then to the Asia-Pacific zone.

According to the government authorities, this privileged access is granted, among other examples, by the fact that once the agreement is signed, one of each five goods Chile exports to Mercosur will not pay any customs tariff; more than half of the products Chile sells to this market will pay a custom tariff equivalent to half or less than the custom tariff the rest of the world has to pay.

The authorities maintain that this will have a positive effect on Chilean agriculture, in concrete areas such as fruit production, agro-industry, wine production, dairy products, canned goods, tomato paste, wood, and byproducts.

Milk, for example, will pay a third of what milk coming from other countries will pay. As for fruit, products such as grapes, plums, and strawberries will enter Mercosur without paying a customs tariff.

As another example of how the commercial agreement will safeguard national interests, Gutierrez mentioned the maintenance of price bands for traditional agricultural goods and broader deadlines for the elimination of tariffs than those granted to Mercosur — up to 18 years for certain Chilean products.

The negotiators believe they have opened a great market that will contribute to the country's development. Garcia added that "this will have a direct impact on all Chileans, and this is why the government believes that Mercosur is necessary for Chile. It will represent more jobs, better salaries for the Chileans, and cheaper goods for all consumers. The government has the duty of safeguarding the interests of the country as a whole, and this is why we are not going to stop, but rather will continue making progress."

Chile: Concern Expressed to EU Over Fruit Imports

PY0204013996 Santiago LA TERCERA DE LA HORA in Spanish 30 Mar 96 p 26

[FBIS Translated Text] The Chilean Government has expressed concern and rejection over the decision made by the EU to implement a system of automatic licenses for importing apples, pears, and lemons from third countries.

Through a note delivered in Belgium to the international economic relations office of the EU, the Agricultural Department of the Chilean Mission before the EU says that the decision made cannot be justified under the current market conditions of that continent.

The system proposed by the EU intends to have the import license granted the same day the request is submitted. The license will be valid for 40 days after a guarantee payment of 1.5 ECU for every 100 kg of cargo is made. The guarantee will be returned after the import is made.

The note of the Chilean Government expresses "concern because the import certificates are an additional administrative obstacle that costs money to the detriment of foreign trade."

According to the EU, the import license or certificate would have a statistics objective of having a better knowledge of the trade structure of some products considered "sensitive."

The Chilean note also expresses surprise "because the information on the volume of imported fruit to the EU is normally included in the customs declaration, therefore it is information known daily by the EU members."

The note concludes by saying that "due to the nature of the fruit trade from the southern hemisphere, there are circumstances in which the disclosure of the requested information can hurt the commercial interest of the exporters."

Chile: Textile Industry Opposes 'Sensitive Products' List

PY0204022496 Santiago EL MERCURIO in Spanish 29 Mar 96 p B3

[FBIS Translated Excerpt] Mario Garcia, president of the Textile Institute, has said that the 160 Chilean textile products to be exported to the Mercosur [Common Market of the South] countries will be in the list of special sensitive products. In other words, the process for phasing out tariffs will begin in the fourth year from the signing of the agreement and will reach zero tariff on the tenth year.

"In general terms, we definitely support the agreement," said Garcia, but he noted that the fact that these products are kept under the special sensitive list, which represent almost 50 percent of the goods Chile exports to the Mercosur, is "just too much."

The textile industry is depending on exports to overcome the crisis affecting the industry. This is why the textile industry says that the position of the Mercosur countries is not justified, especially if it is taken into account that the Chilean exports to the Mercosur in 1995 reached $52.8 million and the imports from that at bloc reached $134.8 million. This creates a deficit for Chile, which is the reason why Garcia disagrees with the protectionist stand taken by the Mercosur countries.

But this is not the only issue bothering Garcia. He believes that the elimination of the specific duties Argentina keeps on 612 textile products, some of which have duties above normal, is an "essential" issue.

Garcia said that this issue affects textile companies so much, that many of them are planning to move their plants to the Mercosur countries to avoid paying duties. [passage omitted]

Chile: Bills Before Congress Viewed

96SM0190A Santiago EL MERCURIO in Spanish 3 Mar 96 pp B11-B12

[By Monica Guerrero T.]

[FBIS Translated Text] Tomorrow, just like the students, the 120 deputies and 48 senators that comprise the Congress will once again apply themselves to their tasks. With the members already assembled in their respective halls, the resumption of the special legislative session—following the sumnmer vacation—will mean calling the roll of the items on the agenda that are pending. Among those items are the 24 bills sponsored by the Executive Branch that directly pertain to economic and financial matters.

No legislative priority for taking up these items has yet been officially established. It is already known, however, that the consumers' rights initiative has been given top billing on the Senate schedule at the behest of the Ministry of Economy—the bill's sponsor—whose legal advisers have a very specific preferential scale of proposals.

The Ministry of Finance refuses to comment on the order in which it will play its cards. It insists that everything could change at the last moment.

In any event, the answer will come this week when—after consultation with the heads of the different ministries—the Executive Branch establishes, and announces, the order in which it wants these proposals to be debated.

While all this is being arranged behind closed doors, one thing is clear: both the government and the opposition are aware that this year is crucial for taking up a number of economic bills that have already been held up a long time.

The Executive Branch hopes that some of these bills will be ready before 21 May, when its exclusive right to determine the agenda for debate will expire.

What Is Happening in Congress?

Almost 1,600 bills have been introduced in Congress since 1991, of which approximately 500 have been sponsored by the members of Congress and 102 are the result of messages transmitted by the president of the Republic during the special sessions of Congress.

Of the aforementioned large figure, however, no more than 130 bills are under any kind of active consideration at the present time, and this figure is even smaller when limited to the economic and financial area. A total of 24 bills relating to this area and sponsored by the Executive Branch—which has the almost exclusive initiative in this area—are being debated at the present time.

In the financial area, for example, the most important bill—in the opinion of the opposition as well as the government—is the Banking law. This bill originally authorized the banking industry to engage in new types of business, such as the purchase and sale of securities and accounts receivable and the brokering of insurance; incorporated new criteria for solvency; and made changes at the operational and administrative levels. In its final form, however, the bill was oriented toward the internationalization of the banking industry, especially with respect to the granting of foreign loans and the opening of branch banks abroad.

The bill was drafted to counter the impression in the market that although Chile has been capable of holding positions of entrepreneurial leadership at the Latin American level, it has been unable to do so in the banking industry because of unjustified restrictions in the present law.

This bill—which has been debated in Congress since 1992, initially in conjunction with the question of the subordinated debt and, since last year, in a separate form—is one of the most important bills sponsored by the Ministry of Finance, because it entails a major change at the governmental level. It is predicted that during this month of March the bill will be accorded great importance, in an effort to get it passed during the first half of this year. It will in fact be one of the principal topics for discussion by the Committee on Finance of the Chamber of Deputies.

Everything indicates, however, that in the legislative session now being resumed, the government wants to concentrate on pushing the most specific bills: Bills that have already been debated or that appear—in the eyes of public opinion—to represent substantial change. If these bills make it through Congress, they can therefore be exhibited as winning cards.

This could happen in the case of the Customs bill, the bill to privatize the public health facilities, or the consumers' rights bill. All three bills embody the central concept of modernization, in important and specific areas.

The Customs bill, for example, provides for changing the system of inspection and negotiation by facilitating the establishment of compounds adjacent to ports, to be equipped either directly or by contract pursuant to competitive bidding. The bill also introduces a system that is based on the electronic exchange of data with clients and with other public agencies.

This is completely the opposite of what various sectors are predicting for the bill that would transform Codelco [Copper Corporation] into a conglomerate of companies. Some insist that the bill "is dead on arrival." Although the bill may be a good idea from the economic standpoint, there is at present no possibility of reaching a political agreement on the subject. It has also been impossible to achieve a consensus on the bill concerning the native forest.

The Ministerial Priorities

A number of things are shared in the building located at 120 Teatinos Street, in addition to office space, because the interests of the Economy Ministry and Finance Ministry also intersect there. After all, both ministries deal with the nation's economic statistics.

The Economy Ministry pursues legislative objectives that are substantially more modest than those of the Finance Ministry and is also much more willing to disclose them. Political and economic pressures are generally greater at the Finance Ministry, which attempts to avoid them at all costs. Moreover, the Finance Ministry endorses bills that are sponsored by other ministries, which means that it is involved with a larger number of bills, and this in turn complicates the task of ordering its priorities.

The Economy Ministry is therefore the one that is most vigorously proclaiming its specific goals for this legislative period, which are six in number—the same as the number of bills in which it is directly involved.

The first goal of the Economy Ministry is to obtain passage of the consumers' rights bill. One of the principal advocates of this proposal is Luis Sanchez Castellon, legal adviser to the ministry and former director of Sernac [National Consumers Service], who at one time investigated the defects of certain food products.

The bill was introduced in August 1991, and of the entire package of bills sponsored by the Economy Ministry, it is the one that is in the most advanced stage of negotiation. It is now before the Senate, about to complete its second constitutional phase and ready to be approved in its separate parts, having already received general approval in reports by the Economy and Finance committees.

The government accordingly takes it for granted that the bill will be passed this month, although not even its most enthusiastic supporters rule out the possibility that it will be submitted to a joint committee, which would delay its passage somewhat.

The basic feature of this bill—which has undergone many changes since it was originally introduced—establishes standards that provide adequate protection for the consumer, including certification of the quality of products and the right to demand replacement of those products that are defective.

Another of the Economy Ministry's goals is to reach agreement on the bill that embodies the General Law on Cooperatives, primarily because of the long time it has been before Congress. For example, a bill introduced today would be assigned a number—for identification purposes—in the vicinity of 1,600, whereas the aforementioned bill bears the number 855-093.

Farther down on the agenda are the bills that pertain to the managers of consortia; to national certificates of conformity for exports; to commercial aviation (introduced jointly with the Ministry of Transportation); and to changes in the existing Arica law.

The priorities of the Finance Ministry, on the other hand, are not publicly referred to as a prepared list of priorities, although they can easily be deduced from conversations with those who are in charge of establishing them: i.e., modernization of the Customs Service, with the corresponding bill scheduled for introduction during the first half of the year, at which time it will be taken up by the Senate Finance Committee; the bill to improve the law regulating concessions, which is the only bill currently before a joint committee for the purpose of resolving differences between the two houses—differences which in this case will probably be quickly resolved; and of course, the bill that embodies the Banking law.

One should also take into account the joint discussion—by the committees on the Economy and on Public Works—of the bill that privatizes the public health enterprises and is of great importance not only for the government but also for the opposition, whose members are claiming that the improvements made to date have produced a bill that is more acceptable to them and therefore less desirable from the standpoint of the Executive Branch.

Analysts of the right are saying that agreement has already been reached on this bill, although from an ideological standpoint the government has difficulty in acknowledging this openly.

The bills embodying the Banking law, the Customs law, and the law regarding public health enterprises therefore constitute the three megabills now before Congress. The bill regarding the native forest could be another such bill, although much remains to be debated in that connection.

Don't bother, however, even to mention the subject of labor reforms, which also affect the world of economics and are an area in which it is believed the Senate may refuse to legislate.

The Tasks That Lie Ahead

With these tasks still pending, the legislative agenda for the economic area appears neither easy to resolve nor easy to predict.

It is much more complex than solving the mathematical problems of trigonometry that are taught to students in their advanced courses: more complex, even, than passing the most difficult foreign language examinations in secondary school, regardless of the students' ability.

Although during its six years of sessions the Legislative Branch has accumulated a large backlog of bills, this year appears to be crucial.

Moreover, after some of the current problems have been resolved, the Executive Branch will be sending new bills to the legislators.

Despite the intentions of the political right to raise the issue of the need for tax reform, a strange conviction prevails in political and economic circles to the effect that the Executive Branch will take no initiative in this respect, because the obvious consensus that exists in favor of reducing the income tax does not operate to its advantage.

On the other hand, the Economy Ministry is preparing a bill that would permit development of the southern regions of Magallanes and Aysen and the province of Palena—after the fashion of the Arica law.

The Economy Ministry is also contemplating new laws that pertain to gas, that make changes in the general law on fishing and aquaculture, and that provide for the modernization of agencies that are subordinate to the ministry, such as the National Economic Inspectorate and National Consumers' Service.

From now on, everything depends on whether the students will apply themselves with equal diligence in the performance of their tasks.

The Bills That Are Pending

A. In the Chamber of Deputies

1. The General Law on Cooperatives: Is in the first stage of the legislative process. Next step: the Committee on Finance.

2. Transforms Codelco into a conglomerate of companies. Is in the first stage of the legislative process.

3. Makes changes in the General Banking Law; in DL [Decree-Law] 1,097 of 1975; in Law 18,010; and in the Commercial Code. Is in the first stage of the legislative process, in the Committee on Finance.

4. Exempts independent fishermen from the income tax. Is in the first stage, in the Committee on Finance.

5. Amends Law 19,220, which creates agricultural commodities exchanges. Is in the first stage. Next step: the Committee on Finance.

6. Creates international investment funds. Is in the second stage.

7. Modernization of the port sector. Is in the first stage.

8. Amends the Income Tax Law, the Tax on Sales and Services, the Tax Code, and other legal norms. Is in the first stage.

9. Amends Decree-Law 701 of 1974, concerning Forest Development. Is in the first stage.

10. Modernizes the system of remunerating the personnel of the Ministry of Public Works, of its subordinate services, and of the National Institute of Hydraulics. Is in the first stage, for the drafting of a report by the Committee on Public Works.

B. In the Senate

1. Changes the name of the Ministry of Economy, Development, and Reconstruction. Is in the second stage of the legislative process.

2. Geothermal energy concessions. Is in the second stage of the legislative proces. Next step: the Committee on Defense.

3. Recovery of the native forest, and forest development. Is in the second stage of the legislative process. Next steps: the committees on the Environment and on Finance.

4. Concerning the importation of merchandise into Chile. Is in the second stage, for the drafting of a report by the Committee on Finance.

5. Consumers' rights. Is in the second stage.

6. Creates a system of official certification of compliance for exports. Is in the second stage, for the drafting of an initial report by the Committee on the Economy.

7. Amends Articles 48, 67, and 144 of the Fishing Law. Is in the second stage.

8. Amends Decree-Law 3,500 of 1980 as it pertains to the costs of the services provided by the Pension Fund Administration Boards.

9. Amends Decree-Law 3,500 of 1980 by establishing standards relative to the granting of pensions in the form of life annuities. Is in the first stage.

10. Modernizes the National Customs Service. Is in the second stage.

11. Amends the legal system that applies to the public health services sector. Is in the first stage.

12. Establishes the new rules governing qualifications for employment. Is in the second stage.

13. Amends the labor code as it applies to collective bargaining. Is in the second stage.

C. In the Joint Committee

1. Amends DFL [expansion not given] 164 of 1991 of the Ministry of Public Works, as it pertains to the legal system governing public works concessions and the tax regulations applicable to that system.

Colombia

Colombia: World Bank Grants Loan 'Despite' Decertification

PA0104230996 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 28 Mar 96

[Report by Jorge Eusebio Medina; from the "RCN Radio Events" newscast]

[FBIS Translated Text] Medellin — Javier Gutierrez, manager of ISA [Electrical Inter-Connecting, Inc.], has announced during an assembly of that institution that investments of 741 billion pesos will be made until the year 2000 in order to expand the interconnected electricity network.

Energy and Mines Minister Rodrigo Villamizar, who headed the ISA and Isagen [expansion unknown] assemblies, stressed the fact that the World Bank gave ISA a loan for 250 billion pesos despite U.S. decertification. He added that assets consisting of 11 hydroelectrical plants that will be sold have a value of $1.2 billion.

Isagen lost 223 billion pesos as a result of the devaluation of investments in El Guavio Hydroelectrical Plant, while ISA made a profit of 85.742 billion pesos.

Colombia: Labor Minister Criticizes Decertification

PA0204012196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 30 Mar 96

[Report by Edgar Artunduaga in Pasto; from the "Midday Newscast"]

[FBIS Translated Text] At the installation of the departmental employment committee in Pasto, Labor Minister Orlando Obregon described decertification as unfair and colonialistic.

[Begin Obregon recording] Such unfair and colonialistic measures as decertification or the offensive statements by Mr. Frechette [words indistinct] of brotherhood and nonintervention among nations, show, once again, the systematic interventionist policy of the U.S. Government. [end recording]

Speaking at the auditorium of the University of Narino, the minister also referred to the president's proposal to hold elections ahead of time.

[Begin Obregon recording] It is a courageous attitude that clearly shows the president is innocent of the accusations against him. It also presents a solution so the country can move ahead and overcome the state of anxiety in which some have placed it. [end recording]

Regarding the questioning of the interior, foreign, and communications ministers and the process against the president, the labor minister said he hopes due process will be respected.

[Begin Obregon recording, in progress] ...will stop feeling that justice is becoming a spectacle. [end recording]

The labor minister will travel tomorrow to Ipiales, on the border between Colombia and Ecuador.

Colombia: Samper Replies to Questionnaire on Campaign

PA3003014496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 29 Mar 96

[Report by Gilberto Arbolada; from the "Latest News" newscast]

[FBIS Translated Text] President Ernesto Samper Pizano this afternoon replied to a questionnaire sent by the Electoral Council on his conduct during the 1994 political campaign that led him to the Presidency. A five-day extension that he had requested from those in charge of investigating the violation of the financial ceiling by the Liberal Party expired today.

Samper's 27-page reply to 25 questions posed by Magistrates Alfonso Guzman Guzman and Carlos Ariel Sanchez was delivered this afternoon by Presidency Secretary General German Vargas Lleras. With Samper's free and spontaneous statements, the Electoral Council now has all the testimonies of the individuals linked to the investigation of the violation of the 4 billion peso ceiling established for the two presidential election rounds.

The electoral organization in the past four weeks received the statements of Vice President Humberto de la Calle, former campaign Treasurer Santiago Medina, former Minister Fernando Botero, and Campaign Administrative Manager Juan Manuel Avella.

Colombia: Two Former Ministers Urge Samper To Resign

PA0104203796 Santa Fe de Bogota EL TIEMPO in Spanish 1 Apr 96

[Received via Internet]

[FBIS Translated Text] A group of citizens headed by former Ministers Roberto Arenas Bonilla and Enrique Parejo Gonzalez, and made up of businessmen, union leaders, and academicians have urged President Ernesto Samper to resign.

They, however, added that Samper's departure alone will not solve Colombia's political crisis. "The person replacing him must assume the ineludible commitment of giving a profound turn to the way the nation is governed," they said.

Samper's successor, the group noted, "must start by establishing a government team made up of citizens who have had nothing to do with this complex situation and their sole objective should be to work for the well-being of Colombian society."

The note is signed by Roberto Arenas Bonilla, Enrique Parejo Gonzalez, Sonia Martinez de Duran, Luis Eduardo Rosas, Enrique Sandoval, Lilia Beatriz Sanchez, Jaime Angel, Reinaldo Arboleda, Manuel Neira, Ricardo Buenaventura, and Mario Villaveces.

"We, Colombians, must understand that political principles and ideologies are not the causes of the social disaster facing us. It is certain persons who have failed gravely," the signatories stated in a document.

They added "the solution that we should adopt within our juridical framework should rest on the fact that Dr. Ernesto Samper Pizano lost the necessary national and international credibility, and this is causing enormous costs of all kinds to the country.

"We do not hesitate, thus, to say that the greatest favor that President Samper can do for Colombia and its people is to step down as president of the Republic."

Finally, they urged Colombians to carry out a "great mobilization to reinstate the bases of social and political ethics."

Colombia: Envoys in Asia Express Support for Samper

PA0204015596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 1 Apr 96

[From the "Midday Newscast"]

[FBIS Translated Text] Today, Colombian ambassadors in Asia expressed their absolute support for President Ernesto Samper Pizano.

Colombian diplomats in Australia, India, China, Indonesia, Japan, South Korea, and Thailand sent a letter to President Samper saying that their decision to remain in their posts as heads of Colombian embassies demonstrates their support to his government and personal performance, as well as their solidarity with him.

They regretted Samper's decision to cancel his tour to Japan and China, but they showed willingness to schedule another visit at the president's convenience that could include additional countries of the continent, which have extended their invitations.

We believe, Mr. President, that this will give the opportunity not only to Colombia but also to the Nonaligned Movement to strengthen relations with Asia, the ambassadors noted in the letter addressed to Samper. They also expressed their support for the attitude he adopted upon learning about the unilateral [word indistinct] decertification against our country, which is a counterproductive measure and which represents an intervention in the country's internal affairs.

Colombia: Valdivieso on Effects of Removal

PA0104185596 Santa Fe de Bogota EL TIEMPO in Spanish 31 Mar 96

[Received via Internet]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso said the institutional process would be seriously affected if the Attorney General's Office removes him from his post.

The prosecutor general made those statements during a conference given to the regional assembly of the Bankers Association (Asobancaria) in Bucaramanga on Friday night.

Referring to the existence of an alleged recording in which Attorney General Orlando Vasquez Velasquez says Valdivieso's actions when he was Education Minister will prompt him to ask for Valdivieso's removal after the Holy Week, the prosecutor general stated that "it would be a prejudgment that would be frowned upon and would have a very serious effect on the institutional process."

Alluding to the tape recording that Pablo Victoria, the conservative representative of the Valle del Cauca, said he had, Valdivieso stated: "I don't know anything about those recordings but the information received in the past days is worrisome."

The high-ranking official expressed that the country lacks the commitment to confront the drug trafficking situation, although he did admit that isolated efforts have been made to confront this type of crime.

He also spoke of the plans to eliminate the reserve funds used for the payment of rewards for accusations, and said this instrument has been useful, and should be maintained.

"I don't know the attorney general's views on this issue, but I do consider that the country requires those mechanisms to be able to confront impunity. I think he is not proposing to lift the reserve to substitute the mechanisms included in the regulation, but he might propose a legal reform in this respect."

It Is Not True

Attorney General Orlando Vasquez Velasquez reiterated yesterday, via telephone, that it is not true that he has revealed that his office is scheming the removal of the prosecutor as Chamber Representative Pablo Victoria has charged.

He also asked Victoria to correct his statements once the truth of the facts has been established.

Victoria said at the chamber plenary meeting on Thursday, that an intelligence organization had given him a recording in which you can hear Vasquez Velasquez tell a senator that Valdivieso's days were counted.

"I hope the attorney general does us the big favor of firing the prosecutor general because it would be the latest scandal that the people would go out to protest," Victoria said at the plenary meeting.

Victoria repeated his assertion to television newscast journalists that same night, and said Vasquez had referred to the prosecutor in very rude terms.

The attorney general said he was "indignant" with Victoria's comments and that they were totally false.

He also expressed concern over the possibility that his telephones are being tapped by security organization; an event that was denied by the DAS [Administrative Department of Security] and the Prosecutor's Office.

Vasquez Velasquez sent a letter to representative Victoria to request that he correct his assertions because they are "superficial and biased."

"As those assertions are false, I request that you rectify them, after you have publicly proven their falsity, " Vasquez stated.

Asked if he plans to present any type of legal demands against Victoria, the attorney general said he prefers to appeal to the congressman's decency than to take the legal path.

The attorney general observed that those who know him know that he would never talk publicly about official issues under his responsibility, and much less use words that could affect a person's image."

Colombia: De la Calle Denies Resignation Rumors

PA0104213196 Santa Fe de Bogota EL TIEMPO in Spanish 29 Mar 96

["Text of communique" issued by Vice President Humberto de la Calle in Madrid on 28 March — received via Internet]

[FBIS Translated Text] It is absolutely false that I resigned, am preparing my letter of resignation, or have shown friends of mine the draft of a letter of resignation as ambassador to Spain. Any letter or draft letter that, as some well-known news reports stated tonight (last night), circulated in the Congress can only be the result of a disinformation plot that has been compounded in the past hours by rumors of an alleged summons for consultations by the government, something that I am also not aware of. It is odd that these false reports arose in Congress a day after the president of a corporation asked me to withdraw from this post.

I reiterate, as I did in the letter I sent today to the Congress president, that I understand that the vice presidency is not just a distinction, but also a responsibility that I am not prepared to eschew at this difficult time for Colombia.

[Dated] 28 March 1996

Colombia: Columnist Notes Support for De la Calle

96SM0199A Santa Fe de Bogota SEMANA in Spanish 26 Mar 96 p 46

[Commentary by Maria Isabel Rueda]

[FBIS Translated Text] For the first time after so many months of national outcry, President Samper has initiated political consultations to create a climate for the possibility of an advancement of elections. This would enable him to avoid the humiliation of a resignation, but confronts him with the realistic view that his stay in the government has become impossible.

Whether good or not, the proposal is at least some progress, compared with the stubbornness that has been the mark of his personality in this serious crisis. Nevertheless, the question that must be asked is whether it is justified to convert the Constitution into a "kleenex" that is discarded every time the circumstances so require. This time, it would be with the sole, obvious aim of preventing the vice president from assuming the office, for the simple reason that Samper and his wife cannot bear the idea of De la Calle and his wife becoming their successors.

Samper's ill-will toward his vice president has prompted him to publicly maintain the concern that De la Calle would be overthrown from the presidency with the same arguments that are being used at present to overthrow him. The allegation against him would be that the same money that was not good for electing the one cannot be good for anointing the other, either; and that, if the presidential ticket was tainted, this applied to both of them. And it would be argued that the country cannot be left in the hands of a new government that not only would fail to mitigate the present controversy, but would surely be brought down by it.

Although there are, unquestionably, sectors in the country holding this view, the opinion polls indicate that the vast majority consider De la Calle to be still the best alternative for coping with the crisis. He is rated with a popularity that puts him in third place after the fighting cocks of the moment: namely, Antanas Mockus in first place, and Prosecutor General Alfonso Valdivieso, in second. And this has occurred without his having said a single word nor granted a single interview, plus the fact that he is geographically distant from the country: something that people could resent at a time of crisis such as the present.

But while the common people like De la Calle, regarding him as an alternative, business owners are not far behind. Many of them are calling him almost every day in Madrid, to express their concerns and the hopes that they have placed in his nomination. Without going too far, Julio Mario Santo Domingo has already stated publicly in a recent interview that he would be "happy" with a De la Calle government. Not only would the vice president's nomination offer the advantage of allaying the battle between rich and poor spurred by Samper's political instability, but also, from a practical standpoint, now that the Rodriguezes are no longer here to finance campaigns, De la Calle would spare the business owners from having to dig into their pockets to finance a new presidential campaign.

As for the Congress, although it is cool toward Humberto de la Calle's nomination, that coolness could be transformed into an enthusiastic support if Samper's proposal for moving ahead elections means advancing the congressional elections as well.

And it is not clearly apparent how this would not occur. The president and the Congress are facing an identical crisis of legitimacy. The same money that elected Samper helped to elect a third of the members of Congress. Hence, if the reason for advancing the elections is to start with a clean slate, opposing the drug traffic's influence on politics, it would be absurd to change presidents and leave the same Congress in office. So, for Congress members, there is no dilemma between the possibility of having their mandate revoked and the option of supporting Humberto de la Calle.

Even Andres Pastrana, the man who lost the elections, has declared publicly that he approves of the De la Calle alternative. And, for the Army, there is no doubt that the solution of the vice president is the one that entails the least risks as an institutional means of emerging from this crisis.

But I would also dare to make a bet: namely, that if Humberto de la Calle attains the presidency, he would be the most popular president of the century. People are tired and frightened of case 8000. His nomination would be viewed as the mark of national reconciliation, and it is certain that all of Samper's present enemies, and even friends, would file through the Palace backing his successor, amid a great sense of relief concerning the crisis.

Therefore, Samper will have to strive during the next few days to convince the country of the advantages of becoming involved in the costly process of amending the Constitution to move the elections ahead. The fact that he cannot bear Humberto de la Calle cannot be the obstacle preventing us from resorting to the solution of the vice president. It has already been invented, it is free, it pleases almost everyone, and it would solve the problem of his presence in the government in the quickest possible manner. Advancing the elections would pose a thousand problems, beginning with that of no longer being able to teach students the political history of Colombia based on even-numbered four-year intervals, as it has been thus far, because the next president would govern from 1997 until 2001. And the sequence from then on would be extremely complicated.

Colombia: Ring Trafficked in Precursor Chemicals

96GE0001A Santa Fe de Bogota EL TIEMPO in Spanish 27 Mar 96 p 9A

[Report by correspondent Maria Victoria Cristancho]

[FBIS Translated Text] Caracas—Yesterday, the Venezuelan authorities broke up the largest network in Latin America engaged in trafficking and diverting chemicals essential for producing drugs. They confiscated 565 drums containing solvents, and arrested 14 persons in the town of Valencia, in the state of Carabobo.

This information was provided by General Horangel Hernandez Oliveros, commander of the National Guard, who specified that the operation, known as "Lima-Miguel 02-96," received the cooperation of Colombia's National Police and the DEA.

The coordinated police work achieved as a result, besides the breakup of the Colombian-Venezuelan network, the seizure of 120,000 kg of chemical solvents, and the arrests of 14 persons, for 13 of whom arrest warrants had been issued. The military commander remarked: "The chemical solvents confiscated (acetone, MEK [methyl-ethyl-ketone], hydrochloric acid, ethyl acetate, butyl acetate, and alcohol, among others) were contained in 565 drums with a 220 liter capacity."

Hernandez Oliveros explained: "The modus operandi was being implemented through 'phantom companies' (Solvequim, Recutab, Solventsa, Inproquin, Barquim, Bull DDT, Limpiadores Venezuelanos [Venezuelan Cleaners], and Farquim). In complicity with legally established firms (Revequim and the Farmacias Cristo Rey and Independencia, in the state of Tachira), they were diverting these substances to criminal organizations devoted to drug production in Colombia."

Arrested during the operation were the Colombians Ferney Caicedo Morales, Laureano Laguado Hernandez, Jose Ignacio Perez Parada, and Donaldo Del Toro. The following Venezuelans also were captured: Rodill Bernadil Zambrano Urquia, Lizmar del Valle Vicuna Loreto, Luis Gonzalez Acevedo, Susana de Jesus Rios de Gonzalez, Jorge Blanco Villasmil, Miguel Angel Novoa Mora, and Jose Orlando Perez Duarte.

According to the information from the National Guard, "as a result of the confiscation, the production of over 8,000 kg of cocaine was prevented."

The Modus Operandi

The Venezuelan military officer reported: "The operation carried out made it possible to identify a new system for the trafficking and diversion of chemicals. It consisted of using tankers arriving from the United States and Europe, which were docked at the Venezuelan maritime terminal in Puerto Cabello, in the state of Carabobo. There, during the process of unloading the chemical solvents into the final storage tanks, a number of products contaminated with residues contained in the supply line was accumulated."

Hernandez Oliveros added: "This batch of products was stored in drums, using a process called 'slopping.' Those drums were illegally removed, with the internal complicity of the terminal personnel, to be taken to a clandestine shed. There they were later subjected to a filtration and purification process, using activated charcoal for this purpose, until 90 percent purity was obtained for the products. Then they were taken to Colombia."

Colombia: Spraying Causes 'Minor Damage' to Poppy Fields

PA0104203096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 28 Mar 96

[From the "Midday Newscast"]

[FBIS Translated Text] Neiva, Huila Department — The spraying of poppy fields with glyphosate has caused minor damage to some farms west of Huila, confirmed Huila Department Government Secretary Hernan Castro, as he verified farmers' complaints. However, he said the damage is very slight.

[Begin Castro recording] The damage is very slight. It is very difficult when spraying with [words indistinct] to be so accurate as only spray the areas one wants to spray. [end recording]

Spraying with glyphosate is taking place as planned in different sectors of the department with the assistance of U.S. experts.

Colombia: Brigade Discovers ELN Operations Center

PA3003040096 Medellin EL COLOMBIANO in Spanish 25 Mar 96 p 3A

[FBIS Translated Text] Santa Fe de Bogota (COLPRENSA) — In an impressive operation against subversive activities in the capital an operations center of the Army of National Liberation, ELN, has been discovered. This center manufactured the mortars that were going to be used against the defense ministry and the Narino Palace. Powerful weapons were stored there.

A communications center of this insurgent group was also apparently operating at this site. An antitank rocket, mortar noses, explosives, materials used to manufacture war weapons, grenades, radio communications equipment, remote control detonation instruments, and abundant literature were seized.

The 13th Brigade carried this operation after intense inquiries made by military intelligence officials.

The ELN conducted its operations from a house at Number 40-A South, 30A Street, in Santa Fe de Bogota that was allegedly a turnery where spare parts for electromechanical equipment were manufactured. The ELN called this Operation "Armadillo."

A report issued by 13th Brigade Commander General Euclides Sanchez Vargas stated Armadillo was the name this subversive organization gave to an insurgent destabilization plot that was to be carried out in the capital.

Eight mortars discovered in recent days were manufactured here. Six of them were pointing toward the defense ministry, located near the National Administration Center (CAN) and two toward the Narino Palace in downtown Santa Fe de Bogota.

Fragmentation grenades, valves, bases, and mortar ejection charges were found there.

Colombia: Army Commander Says ELN Drug-Trafficking Group

PA3103132096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 29 Mar 96

[Report by Juan Carlos Barragan; from the National Army Command from the "Latest News" newscast; live — passages within quotation marks recorded]

[FBIS Translated Text] [Barragan] National Army Commander General Harold Bedoya Pizarro reported that the ELN [Army of National Liberation] has become a drug-trafficking group.

[Bedoya] "I can guarantee without the slightest doubt that we are in the presence of two large cartels that handle the sowing, harvesting, production, and exports.

[Barragan] "General, how can you explain that while a group of Colombians has a peace initiative and meets with guerrilla groups, for example, in Costa Rica [words indistinct] a peace dialogue or process while being involved with the narco-guerrillas. What is the explanation? Are they working both sides of the street or what?

[Bedoya] "No. What happens is that they want to skim the profits from this. You know that no matter what kind of terrorists or criminals they are, if they are granted amnesty for all those crimes, they start something new. Do not forget that Tirofijo [Manuel Marulanda Velez] and Jacobo Arenas were granted amnesty many times."

Colombia: General Says Guerrillas Becoming Drug Groups

PA3103024996 Santa Fe de Bogota EL TIEMPO in Spanish 30 Mar 96

[Received via Internet]

[FBIS Translated Text] The Revolutionary Armed Forces of Colombia and the Army of National Liberation earned 718 billion pesos in 1995. The amount of money that subversive groups operating in Colombia earned last year through activities linked to drug trafficking, kidnappings, extortion, war taxes, and rustling surpassed the profits made by companies in the manufacturing and financial sectors. Army Commanding General Harold Bedoya Pizarro has said the guerrillas are becoming drug cartels.

Colombia: Samper on Guerrillas' Interest in Renewing Talks

PA3103024896 Mexico City NOTIMEX in Spanish 1642 GMT 30 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 30 Mar (NOTIMEX) — Colombian President Ernesto Samper today acknowledged that the guerrillas have demonstrated "a potential" interest in renewing peace talks with the government.

The armed rebels have sent messages recently expressing interest in holding negotiations to surrender arms and to demobilize guerrilla fronts, Samper said in Cartagena de Indias.

The government and guerrillas have not officially held peace talks since direct negotiations between envoys of former President Cesar Gaviria and spokespeople for the Simon Bolivar Guerrilla Coordinating Board (CGSB) were suspended in Tlaxcala, Mexico, in 1992.

Samper praised efforts by Costa Rican President Jose Maria Figueres, who has facilitated meetings between a nonofficial commission and guerrilla delegates.

Important contacts with a view to renewing negotiations have been established in meetings held in San Jose, Costa Rica.

Monsignor Pedro Rubiano, president of the Colombian Episcopal Conference, who has headed the delegation, has summoned upon his own initiative important leaders of the Revolutionary Armed Forces of Colombia (FARC) in Costa Rica.

Hopes of reconciliation in Colombia were made evident after the meetings; moreover, the government was asked to comment on the possibility of a dialogue.

Samper responded that his administration "is willing to hold talks as long as the armed groups demonstrate clear and unequivocal interest in reaching a definite solution rather than making a truce."

"This country wants peace rather than violence, drug trafficking, guerrillas, or common criminals," Samper said. He said "the Armed Forces will continue fighting against those who are outside the law" if no rapprochement is achieved.

Samper said the paramilitary groups operating in the various regions of the country "have equally expressed interest in reaching peace and surrendering to law and justice, probably more so than the guerrillas."

The FARC, Army of National Liberation (ELN), and Popular Liberation Army (pro-Maoist) (EPL) constitute the CGSB. The death of former Minister Argelino Duran, whom the EPL had kidnapped, prompted the breach in negotiations of Tlaxcala.

The guerrillas problem in Colombia has prevailed for four decades. The attacks against security organizations and the constant seizure of villages in the past months have aggravated the situation.

The latest clashes were reported on 29 March in the Departments of Antioquia and Cauca, resulting in 10 casualties, out of which six were soldiers, approximately 20 were wounded, and two official helicopters were damaged.

Colombia: Peace Process With Guerrilla Group Under Threat

PA0104003296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 31 Mar 96

[Report by Jose Antonio Noboa Lopez; from the "Midday Newscast"]

[FBIS Translated Text] The peace process between the Jaime Bateman Cayon Group and the government reached its most critical point today due to reported violations by Army troops in the detente zone located in the rural area of northern Cauca Department's Miranda municipality.

Tensions have flared in the zone because of the death of top Bateman Cayon leader Alonso Grajales Lemos, alias Commander Alonso, whose funeral service is being held at this time.

There are contradictory reports surrounding the death of the guerrilla chief. While the Army has reported that he was gunned down during a clash in Cajamarca, Tolima Department, relatives of Alonso, who are members of the Bateman Cayon, said he died in a traffic accident.

The command of the Army's Third Brigade assured Cauca Government Secretary (Nuvis Fernandez) that the detente zone was never violated, and agreements reached yesterday during the Special Security Council are being respected, whereby the FARC's Sixth Front cell even agreed to leave the site of Friday's bloody clashes.

Miranda Mayor (Jose Norbey Grajales) expressed concern at the situation in his municipality and fears that the peace process may be undermined with the [word indistinct], believed to be the new model of peace with the Colombian guerrillas.

To conclude, (?Isabel Rios), deputy minister of labor and member of the Peace Commission, called for common sense to prevail and stated that the Defense Ministry and the coordinator of [words indistinct] Peace Commission were contacted, so the detente zone will be respected.

Colombia: Commission Report Assesses State Finances

PA0204001796 Santa Fe de Bogota EL TIEMPO in Spanish 28 Mar 96

[Received via Internet]

[FBIS Translated Text] The Public Spending Commission has warned about the increase in public spending resulting from larger allotments and more funding for the military forces and the justice sector.

The government will have to do some "trimming" to public spending, which involves restating the decentralization process and oil royalties. These steps should be taken in order not to endanger the country's economic stability.

This is the first diagnosis of state finances made by the Public Spending Commision.

For the commission, rapid measures should be urgently adopted to prevent a collapse in finances due to the high growth in public spending, which will total 17.8 percent of the gross domestic product (GDP) in 1996. Five years ago it only accounted for 11 percent of the GDP.

The government will have to work on various fronts: Modifying allotments to the regions, but it must also put a hold on high spending on the military forces and justice.

For the commission, the increase in allotments to the regions represents only part of the problem, but it is not all of the problem, as the government has said. The great weight falls on personal and social spending.

The first recommendations of the commission center on the decentralization process. In the first place, it establishes the need to process and expedite a basic territorial law granting more autonomy to the regions in the handling of their resources.

The total responsibility for the handling of education and health must be under the regions. Resources will be provided in accordance with the population serviced in each of these sectors, namely the number of students and patients.

Another proposal consists of consolidating in one single fund the total amount of allotments and tying their growth to the GDP. This fund should be comprised of resources from the so-called fixed fiscal income (money for education and health), municipal share in current income, royalties from the mining sector, the amount of pension bonds, and the allotments being made to regional universities.

The commission recommended that the transfer of resources to the regions be slowed down. It proposed that during this year fixed fiscal income be kept at 23.5 percent of current revenues instead of 24.5 percent.

End of "Subsidies"

The commission's report proposed the elimination of the so-called cofinancing funds, after considering they are not fulfilling their purpose to promote priority investment projects for the regions. Instead, they have become a source of political pressure that generates conflicts between congressmen, mayors, governors, and the National Department of Planning (DNP).

"It has been confirmed that the poverty-stricken areas of the country still do not have access to these resources, probably as a result of their small lobbying power in Congress and the government," the report indicated.

That is why the commission intends to replace this mechanism with lines of credit granted by Findeter [expansion unknown], (which would become a second-tier bank) destined exclusively for municipalities and poverty-stricken areas.

With regard to oil royalties, the commission considered it necessary to restate this issue, saying that the way these resources are being distributed is not the most appropriate. The commission concluded by noting that there is an imbalance between what producing regions and nonproducing regions receive.

Colombia: Survey Shows Firms Changing Investment Habits

PA0104161796 Bogota EL TIEMPO in Spanish 31 Mar 96

[Received via Internet]

[FBIS Translated Text] Half of the businessmen queried decided to change their investment habits as a result of the political crisis. "Crises are the best allies of success" goes the old business world maxim.

EL TIEMPO and Yankelovich Acevedo y Asociados consulted the opinion of 100 presidents of business companies in Bogota on how they are dealing with the political crisis and their effects on the economy. The business precept on the impact of crises was corroborated.

For 42.5 percent of the businessmen queried, the best way to face the crisis consists of seeking new markets. In other words, this is the best time to grow with creativity, new projects, and possibly to surprise customers.

Another 39 percent believed the solution lies in cutting costs. The cuts, however, do not mean dismissing personnel or restricting hiring. In the opinion of businessmen, these two options are not fundamental.

What is more, the company presidents consulted by the Yankelovich firm did not attach greater importance to curbing investment projects. Only 7.5 percent responded that they have frozen investments as a way to face the current situation.

This is a surprising result. Until now, surveys like the ones by Fedesarrollo [Foundation for Higher Education and Development] and Andi [National Association of Industrialists] revealed that businessmen have halted capital boosting projects. Fedesarrollo estimates that investments will drop at least 20 percent in 1996.

Where there is almost unanimity is that the country is going through a economic deceleration process and that the specific companies consulted are hurt. In addition, for 43 percent the impact of the political situation has been high on their companies.

This poll confirms the economic predictions by private entities like Fedesarrollo, whose growth estimate for this year is barely 3.8 percent.

The survey has a new element: half of those queried changed their strategy for handling their personal finances.

Now, the most attractive investments for times of crisis are fixed income papers, housing, and dollars in that order.

That the U.S. currency appears as a good investment option is clearly an indicator of uncertainty. This could reveal the deterioration of confidence in the country and the need to have resources in foreign currency for extreme situations.

In addition, investments abroad are not ruled out. The businessmen surveyed believed they should earmark 12 percent of their savings to this aspect.

Technical Details of the Survey

Carried out from 27 to 29 March 1996. Commissioned by EL TIEMPO and carried out by Yankelovich Acevedo y Asociados. Persons surveyed: 100 presidents and top executive of Bogota companies. Carried out as a telephone survey with a margin of error of 9.8 percent.

Colombia: Samper Promises To Allocate Pesos for Peasants

PA3103023196 Santa Fe de Bogota EL TIEMPO in Spanish 30 Mar 96

[Received via Internet]

[FBIS Translated Text] The government will allocate 150 billion pesos from VAT [value-added tax] revenues to refinance the debts of peasants who are in arrears with the banks.

President Ernesto Samper made the promise yesterday at the close of the 9th Congress of the National Association of Rural Land Users (ANUC).

The government hopes to collect approximately 600 billion pesos a year through VAT.

Samper had initially decided not to attend the closing. He sent a message apologizing for his absence read by Agriculture Minister Cecilia Lopez Montano.

The minister read the message amid protests, and as she finished, nearly 3,000 delegates to the congress who came from various parts of the country unleashed a wave of catcalls and shouts because Samper would not accompany them.

The ANUC members felt frustrated because ANUC President Rito Ariel Gomez Martinez' speech stated the support of the country's largest peasant organization to President Samper.

While peasants loudly demanded the president's presence in the main hall of the Government Employees Club, the nervous minister hastily left the dais and sought a corner from which she called Samper through a cellular telephone and told him approximately 3,000 peasants were angrily waiting for him.

One and a half hours after the call, a helicopter landed on the lawn of the Government Employees Club with an advance group of Samper's security team, including dogs trained to detect bombs. Another helicopter landed with the president 15 minutes later.

Lopez, television cameramen, journalists, ANUC representatives, and at least 300 police cadets respectfully made way for him at the club's main entrance, but the car that brought him from the helicopter to the premises, a distance of about 700 meters, went to the back door.

The ministers, journalists, cameramen, peasant leaders, and police cadets had to run toward the main hall where they found a president surprised by what he had seen.

Some of his advisers had told him not to attend the meeting, because maybe only about 50 peasants would attend.

In an improvised speech, Samper thanked God for being able to attend the event.

Before Samper's participation, ANUC President Gomez Martinez said his organization supports the president, and he rejected U.S. Ambassador Myles Frechette's intervention in the country's internal affairs.

Gomez said 70,000 peasant families were about to lose their land because they were in arrears with the Agrarian Board.

In his speech, Samper mentioned the country's crisis: "We are waiting for the harvest of truth for Colombia's sake."

The president announced he will head and fully support the Rural Social Summit, to be held next month with all the agrarian groups to discuss the future of agriculture.

Colombia: Commission Urges Social Spending Cuts

96SM0196A Santa Fe de Bogota EL TIEMPO in Spanish 29 Mar 96

[Received via Internet]

[FBIS Translated Text] Defense spending has quadrupled within the past four years, and yet the results have proven unsatisfactory. The government must make more cuts in its spending.

The government will not be able to spend all that it has planned without jeopardizing the stability of the economy. In other words, the entire development plan is unfeasible: there is no way of financing it.

This was one of the main conclusions reached by the Commission on Spending, an entity created by the Executive Branch to analyze the state's financing problems.

According to the Commission on Spending, the status of the central government's finances is extremely critical. This year, if the privatizations that would give the treasury 667 billion pesos are not achieved, the central government's deficit would be 3.6 percent of the gross domestic product (GDP): a shortage of 3.2 trillion pesos.

The only solution is to curtail the investment plans, and a first adjustment could be the elimination of the cofinancing funds, which will have 750 billion pesos at their disposal this year. The commission also recommended a severe adjustment in the spending on security and the justice system.

The Social Leap Must Be Cut Back

Although defense spending increased by 417 percent in five years, no major results have been evident in security, the battle against the guerrilla movement, and common crime. Greater efficiency is required in the management of funds.

The imbalance in the state's finances cannot be solved with halfway measures. To cope with it, drastic steps are required, such as a cutback in the Development Plan which, as conceived, is unfeasible.

This warning was given yesterday by the Commission on Public Spending, which called for a reassessment of the Samper administration's "Social Leap," and the setting of priorities for the spending planned.

This is one of the recommendations made by the agency in the first of a series of evaluations on public spending. Its coordinator, Gabriel Rosas Vega, claimed that it is impossible to carry out the spending program without jeopardizing the economic policy.

The Development Plan calls for total expenditures of 50 trillion pesos between 1995 and 1998. Of those funds, 38 trillion would be allocated for investment in priority sectors, such as education, health, housing, infrastructure, defense and security, and environment, among others.

The implementation of those sums would further increase the fiscal deficit for this year which, according to the commission, will be 2.6 percent of the gross domestic product, far exceeding the 0.6 percent anticipated by the government.

A first adjustment could be made by eliminating the cofinancing funds, which have 750 billion pesos available for this year.

Why the difference in the deficit estimates? The commission gave several reasons: one is that the growth of the economy would be 3.5 percent, less than the 4.5 percent projected by the government. Furthermore, this year Ecopetrol [Colombian Petroleum Enterprise] will not be paying so much in taxes as it did in 1995: last year, it even paid 32 billion pesos in advance for taxes.

Added to this is the fact that the agricultural-livestock sector will not have the same vitality, there is a slowdown in construction, the income tax rate has declined, the treasury will fail to receive 200 billion pesos owing to an error on the part of the State Council, and there is uncertainty regarding the privatization process, which represents revenue totaling 667 billion pesos.

Defense and Justice

Another warning from the commission relates to the increased spending on the military forces and the justice system. According to the agency, the larger funds have not been translated into efficiency.

In the case of the justice system, the sector's expenses rose from 0.4 percent of the GDP in 1985 to 1.1 percent in 1995. That jump was due to the increase in salaries and to the new entities created by authority of the Constitution, such as the Prosecutor General's Office. In 1992, this entity began operating with 10,509 persons, and by 1994 the personnel roster had reached 20,176 civil servants.

In the defense sector, the increase in funds is blatant. Whereas, in 1990, the payments totaled 423 billion pesos, by 1995 they had reached 2.1 trillion: that is, a 417 percent increase in five years.

The concern is that no great progress has been achieved in the battle against the guerrilla movement, the drug traffic, or organized crime.

The commission has a period until next August to submit a complete diagnosis of the status of public finances, and to make recommendations for preventing imbalances. Within the next few days, it will submit a second report on the state entities that should be eliminated or restructured.

The agency is comprised of Gabriel Rosas Vega, who is its coordinator; Luis Fernando Alarcon Mantilla, Gilberto Arango Londono, Mauricio Cabrera, Eduardo Lora, Rodrigo Llorente, Antonio Urdinola, Cesar Vallejo, and the following technical advisers: Sergio Clavijo, Olga Lucia Acosta, Cesar Caballero, Eduardo Fernandez, Diego Jaramillo, and Pablo Molina.

Social Security

The gap that is being created in public finances is further explained by the transfers to social security, which have increased by over two GDP points within recent years.

In the case of pensions, these increments are associated with the new obligations derived from Law 100 of 1993, the growth in the number of retirees, the liabilities of the National Railroads, and the salary leveling for the public forces.

The increase in layoffs since 1993 is attributable to the elimination of personnel from the Judicial Branch and the Prosecutor General's Office, and to the increase in both the personnel roster and salaries of the public forces.

Colombia: Environment Minister on Ferry System With Panama

PA3103040396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 30 Mar 96

[Report by Daniel Castro Penalosa; from the "Midday Newscast"]

[FBIS Translated Text] Cartagena — The Governments of Colombia and Panama have just signed an agreement to facilitate the integration of highways on the American Continent. The construction of a stretch of the Pan-American Highway, proposed some time ago, has been ruled out; instead, the idea of joining Central and South America by a ferry system has emerged. Colombian Environment Minister Jose Vicente Mogollon has given us some details of the project:

[Begin Mogollon recording] The project consists of several ferries between Colombia and Panama. This is the first one; we hope there will be many more.

We also have reached an agreement to protect 600,000 hectares on the Panamanian side in the Darien Park and to increase the [words indistinct] Park on the Colombian side to have at least 1 million hectares protected between the Pacific and the Caribbean coasts covering important areas in both countries. [end recording]

Mogollon has said representatives from both governments will meet in the next few days to consolidate this initiative.

Ecuador

Ecuador: Red Cross on Destruction by Earthquake

PY0104145696 Madrid EFE in Spanish 1853 GMT 30 Mar 96

[FBIS Translated Text] Quito, 30 Mar (EFE) — The Ecuadoran Red Cross (CRE) has reported that the earthquake which struck on 28 March destroyed 90 percent of the houses in 14 Andean towns, most of them belonging to the indigenous population.

The CRE reports: "About 90 percent of the houses in the towns of San Juan, San Jose de Pucara, Cuturibi, Isinchi, Cachi, La Victoria, Atocha, Cruzpamba, San Jose de Ampamala, Rumiquinchi, Cusupamba, Laguasmasa, Santa Barbara, and San Francisco are totally destroyed."

The 5.7 degree tremor on the Richter scale came at 1803 (2303 GMT) on 28 March in an agricultural zone of the central Ecuadoran Andean region where it caused the death of at least 21 people, thousands of victims, and considerable property damage.

Consulted by EFE, the Civil Defense states there are no reports, not even estimates, as to how many people inhabited those small towns, 90 km south of Quito.

The CRE states that most houses are built of sun-dried clay bricks, and that "the damage is believed to have been severe" in the 14 affected towns.

The Red Cross reports that in the town of Pujili, with a population of 51,510 inhabitants and 15 km from the epicenter, "40 percent of the houses collapsed and most people are sleeping in the streets."

It adds: "In the town of Latacunga four houses were destroyed and 30 percent of old houses were damaged."

The CRE confirmed that two roads — the Cusumbamba-San Jose de Ampamala, and the Cachi-Santa Barbara — are obstructed by landslide, but specialized teams are working to reopen them.

The Red Cross states that the victims are "poor peasants who have now gathered in parks or soccer fields within their towns." The CRE has begun a more precise census of the victims.

The Civil Defense reports that the Swiss Aid Corps has covered the cost of transporting tents from distant provinces to the emergency zone.

The Public Health Ministry reports that "it sent two medicine shipments," to the disaster zone which is now believed "to be sufficiently supplied and there is no need" for a further shipment.

The report added that Public Health Minister Alfredo Palacio on Sunday will visit the area "to coordinate the actions of doctors and epidemiologists who are in the area taking care of the injured, many of who are suffering various degrees of cuts and bruises."

Paraguay

Paraguay: Military Spokesman Rejects Coup Rumors

PY0204000796 Asuncion ABC COLOR in Spanish 30 Mar 96 p 4

[FBIS Translated Text] Colonel DEM [From General Staff School] Carlos Alberto Ovando, director of the Military Forces public relations office, on 29 March denied that the Armed Forces could be involved in planning a "coup or a self-inflicted coup." "We reject all those rumors," the military spokesman said.

At the beginning Col. Ovando did not want to talk about the rumors that are again circulating on a possible interruption of the transition that started in the country on 3 February 1989. He said the matter does not even deserve a comment, because the military institution is fulfilling its constitutional role and because those comments made by legislators were not based on any evidence to support it and do not deserve an official answer from the Armed Forces.

Ovando said I am in a position "to deny all those rumors" on an alleged Armed Forces support for a coup or a self-inflicted coup. "Here (in the Armed Forces) there is strict respect for the law. The Armed Forces follow the commander in chief's orders," the military said.

"All activities are normal and carried out in accordance with instructions issued by the president of the Republic," Ovando said, refusing to comment any further, but after insisting that those rumors are not serious and do not deserve an answer from the Armed Forces, which are totally dedicated to fulfill what is established in the Constitution.

Ovando said the situation was so normal, indeed, that the "state of alert" instituted in view of the strike organized by workers federations was lifted at midnight on 28 March.

The military had been confined to their barracks since 1800 on 27 March in order to cooperate with the National Police in case of disturbances, but nothing happened because the strike organized by private and public workers was peaceful.

Peru

Peru: Measures Adopted To Boost Foreign Policy

PY2903164196 Lima EXPRESO in Spanish
23 Mar 96 p A6

[FBIS Translated Text] The Foreign Ministry has implemented "a plan to promote a more dynamic participation at an international political level." Fernando Gonzales Vigil, Foreign Ministry economic affairs vice minister, told EXPRESO that the ministry has implemented action plans in the political and economic fields.

Gonzales explained that measures have been taken on the political front to define positions in various forums regarding issues of global interest, as well as specific actions to tighten relations with countries that, in the past, had missions or embassies that were closed due to the crisis and the violence Peru experienced in past years.

He referred to talks with countries like Finland and New Zealand, encouraging them to reopen their diplomatic missions in Peru. He said these talks have made good progress.

He said that in the economic field, the Foreign Ministry has stepped up its efforts to promote trade, investments, and economic cooperation with the pertinent ministries.

He said the intensification of the Peruvian foreign policy, bilaterally and multilaterally, is based on priority targets to strengthen Peru's relationship with all South American countries — especially Brazil, Chile, and Ecuador — as well as multilaterally or subregionally with the Andean Group and the Common Market of the South (Mercosur).

Gonzales said rapprochement with the United States, Canada, and Mexico — NAFTA members — is also a priority issue. He said the Foreign Ministry is particularly interested in a relationship that places "greater emphasis on economic aspect because Peru's past relationship with these countries was mainly political."

He added: "Political issues are undoubtedly important but we now want a more balanced agenda that includes economic aspects."

The third priority concern is the inter-regional relationship, since Peru is on the Pacific Ocean. Gonzales Vigil noted that the Peruvian Government is especially interested in strengthening relations with countries of the Pacific Rim, at a regional and bilateral level.

Peru: 1992 Coup Justified Before Mexican Legislators

PY2903164396 Lima LA REPUBLICA in Spanish
27 Mar 96 p 3

[FBIS Translated Text] Mexico City, 26 March — During a speech he delivered before the Mexican Senate, President Alberto Fujimori today said that his administration's current strategy is "to protect and aid" the poor" and "to create conditions and opportunities so that the majority of Peruvians may become involved in the production process."

Fujimori asserted that this strategy is the result of a long process undertaken during his first government term which prioritized the pacification of the country and the recovery of the principle of authority against a wave of terror and anarchy.

Fujimori explained all the steps adopted by his administration to combat terrorism and subversion, in addition to the simultaneous implementation of a harsh economic program based on fiscal austerity and a rigorous control of the exchange rate and inflation. Fujimori also acknowledged that he had to "temporarily" suspend "democratic practices" in Peru.

He said: "Undoubtedly, there are times one must make difficult decisions. Sometimes, people prefer the malady to continue instead of applying a harsh treatment. Some believe democracy should be sacrificed for the sake of democracy."

He added: "But, in order to overcome this critical situation, there was no other alternative in Peru other than to implement emergency measures which temporarily suspended democratic practices. I am openly acknowledging that we had to do this in order to safeguard a democratic system of government and undertake an economic reform and national modernization process with minimum guarantees which would benefit the majority of Peruvians in the middle and long term."

In his effort to show Mexicans that Peru is experiencing a true and gradual democratic restoration process, President Fujimori remarked that since 1992, there have been four elections in Peru. He said: "These elections were followed by international observers who have described these as clean election processes."

Without specifically mentioning the self-inflicted coup he headed in April 1992, Fujimori said that "at the time, this decision was misunderstood."

He conceded that problems such as recession, poverty and unemployment, which burden millions of Peruvians, must still be resolved and added that the atmosphere of trust and stability that has been achieved has lured the largest number of national and foreign investors in the history of Peru.

In his address to Mexican legislators, Fujimori said: "The stability the country is experiencing today and its encouraging development prospects are a direct consequence of the national peace process. We are now devoted with all our might and the resources available to combating poverty."

Fujimori concluded: "In sum, democracy has been strengthened in Peru not only because its basic, free and elected institutions are operating better but because they are best guaranteed by an economy which has grown stronger with more order and authority."

Peru: Fujimori's Pro-China Policy Criticized

PY2903183096 Lima EXPRESO in Spanish
27 Mar 96 p A31

[Commentary by Alejandro Deustua C.: "China: Fifth Time May Fail"]

[FBIS Translated Text] Now 53 percent of the Taiwanese population have confirmed their willingness to exercise their right to self-determination without forsaking the one-China policy, and even though military tension in the region may have now decreased, everyone is aware of the strategic conflict in the northern Pacific region.

Under the pretext that ties with Taiwan is a domestic issue between the central government and a rebel province, the PRC has not abandoned the use of discretionary force to pressure Taiwan to uphold a reunification policy. On the other hand, by acknowledging the use of the "one country-two systems principle," Taiwan is not relinquishing efforts to reassert its political policy (handled as if it was a sovereign country) aimed at improving its position to achieve reunification under the most favorable terms, or even the possibility of achieving a gradual independence. This conflict is only one of many ingredients that will prevent the Pacific Basin from remaining as intact as Asian affairs experts would like.

By refusing to admit that the northern Pacific is a highly conflictive region, and that a western ally is engaged in the great task of achieving stability in the region, President Fujimori seems determined to involve Peru in a regional conflict, and even to place Peru on the losing side. In view of the current conflictive situation and after four visits to Beijing (which should have fully allowed him to achieve his diplomatic objectives) on more presidential trip can be justified only for personal reasons or as part of a more intricate maneuver to align Peru with the PRC, which has become the leading challenger to Peru's most important partners.

Even if this is not the case, and even if the visit was prepared ahead of time, the fact that it was unofficially announced precisely when the PRC was trying to crush the determination of the Taiwanese and when the United States was sending a fleet to support them, clearly shows this was a senseless decision.

This peculiar presidential style of expressing foreign policy preferences without considering international relations follows the presidential attitude of expressing support for Beijing just as the rest of the world (including Peru) condemned the French nuclear tests and he decided to go to China (which will continue its nuclear test policy) on the pretext of championing international birth control.

This erratic and arbitrary conduct does not seem to be a merely presidential privilege. The foreign minister was unable to prevent a trip that ridiculed Peru's antinuclear stance (which reached outrageous proportions when it was announced that the only reason the Peruvian ambassador was not recalled from Paris was because he had been transferred), and he again seems unwilling to explain now to the president the eventual detrimental impact of his stubbornness.

It may be alleged that the presidential diplomatic policy drafted at Government House seeks only to reap benefits by associating Peru with a future military and economic Pacific Basin superpower. If this is true, it can be asserted that if four presidential visits (which the president has not paid to either the United States, the EU, or any Latin American country to promote bilateral ties) do not suffice to achieve this goal then it is time to consider what goal is being sought. A fifth visit would only serve to further confirm the suspicions.

If the objective is power, it must be noted that the PRC is no longer an effective supplier (that the former USSR once might have been) merely because the world situation is today more flexible than during the Cold War. We do not need to escape from the domains of anyone, nor are we isolated (as Chile was in 1973). The need to acquire power is achieved by developing our own potential, not by establishing brash alliances.

The PRC is not a diplomatic alternative either: If it is true — as has been officially stated — that PRC-U.S. ties are at their best (and what a way to show it!), there is no logic in sacrificing Peruvian-U.S. ties by increasing our ties with Beijing.

If the objective is to enter the dynamics of the international balance of power, it should be noted that a small power — like Peru — will not acquire more power or freedom of movement within this framework without first consolidating its regional position (which Peru has yet to achieve). Consequently, the objective sought may backfire and decrease Peru's influence; the eventual establishment of an unwanted structure (such as through the supply of guns, for example,) or a restriction of its field of action. In other words, Peru has nothing to gain but a lot to lose by trying to strengthen its special relations with a totalitarian power that generates conflicts with the leading Western Power in the North Pacific.

Furthermore, and from the economic point of view, the fact that the PRC has achieved a 10-percent economic growth in recent years does not mean Peruvian exports will be in greater demand unless the economy grows. Moreover, the PRC does not represent the entire Asian market (even though it has strong interregional clout, making difficult the access of products from outside the region). Besides, the PRC lacks the investment potential of Japan, Taiwan, or Korea [not further specified] but it is probably interested in obtaining port facilities, free trade zones and other facilities in South America while being unable to reciprocate in the same manner. From the economic point of view, the PRC is no big deal for Peru either; even less at the expense of establishing special ties.

After four presidential visits to Beijing and in light of a conflict between the PRC and the United States which may herald long and tense relations, the president should restrict his preference toward Beijing. The foreign minister effectively should remind him of this.

Peru: 'Corruption' Main Latin American Challenge

PY2903195296 Lima LA REPUBLICA in Spanish 28 Mar 96 p 1

[FBIS Translated Text] Mexico City — Today, the last day of his official visit to Mexico, Peruvian President Alberto Fujimori said the main challenge facing the poor countries of Latin American is the eradication of corruption in all forms at every level because this is the only way to have access to a true development path.

The Peruvian chief of state said corruption is one of the greatest problems of modern society. He said governments must work hard to build "efficient states," not corrupt ones that encourage bribery."

Regarding the term "bribery" — as corruption is called in Peru — President Fujimori said it may work differently and have various names throughout the continent, as in the case of Mexico where it is known as a "bite" ["mordida"], but it is the most dangerous domestic enemy for our countries.

The fact that corruption still exists in Latin America shows that law and order are not complete and that states do not function as they should and cannot fully guarantee national development."

"Corruption is everywhere," he reiterated, "but is felt most and does most damage in poor and underdeveloped countries."

He added: "Thus, the struggle against corruption in all its forms must be a priority on the Latin American development agenda — it is permanently so in Peru."

Recalling the great efforts Peru has made following the harsh neo-liberal policy implemented by his government, Fujimori said:

"The great efforts currently made by people who have felt the impact of structural changes and streamlining policies must be rewarded with the certainty that all resources are used for national interests."

During a working breakfast with Mexican business sector representatives, Fujimori said that bilateral economic cooperation agreements, seeking greater trade and progress in the integration process, cannot be successful without the participation of the private sector.

He noted that Mexican businessmen have participated successfully in the Peruvian privatization process and noted that Peru still offers a lot of opportunities to foreign investors in mining, fisheries, tourism, agroindustrial, and other highly productive sectors.

Peru: View of Fujimori's Visit to Mexico, Future Ties

PY2903204896 Lima EL COMERCIO in Spanish 28 Mar 96 p A2

[Editorial: "Peruvian-Mexican Relationship"]

[FBIS Translated Text] President Alberto Fujimori's official visit to Mexico has helped to clarify the path for bilateral trade.

The joint declaration signed by the Peruvian president and Ernesto Zedillo, his Mexican counterpart, means the two countries have started a negotiation process to create a free trade agreement that, in general terms, will broaden current relations.

Industry Minister Liliana Canale said all commercial agreements with Mexico — including the current Economic Cooperation Agreement — and those related to investments will be reviewed and adjusted to the framework established by the free trade agreement. These amendments should have taken place last year but were postponed due to the internal crisis that shook Mexico. They will contribute to resolve the Peru-Mexico trade balance deficit.

Here is some information about the trade balance. In 1994, Peru exported $165 million worth of goods to Mexico, but in 1995 this figure dropped to $96 million. As for imports — and this is where the imbalance lies — Peru imported $162 million worth of Mexican products in 1994 and $242 million worth in 1995.

One must bear in mind that the implementation of a free trade agreement with Mexico will take time, its results will not be immediate and — as President Fujimori noted — in principle the agreement will include many exceptions, "which is understandable because it entails a gradual process." One wonders if the country is able to sustain a situation like the current one: A trade deficit that is negative for Peru. In 1994, it amounted to $3 million while in 1995 it increased to a little less than $146 million.

Optimistically, Fujimori and Zedillo said their countries have the firm "political will" to strengthen commercial relations, which has always been the main obstacle for bilateral development and integration.

Mexico is now a promising partner for Peru. It has regained its importance in the regional and international arena; it belongs to the Asia-Pacific Economic Cooperation, the Organization for Cooperation and Economic Development, the Association of Caribbean Countries, and NAFTA — which it signed with the United States and Canada. Therefore, public opinion will carefully access future bilateral relations because similar projects and the welfare of the two countries are tied to it.

Peru: Ecuador Said Trying To Conceal Infiltration

PY2903154896 Lima EL COMERCIO in Spanish 28 Mar 96 p A4

[FBIS Translated Text] The alleged Peruvian military plan to create a detachment called Candungo near the demilitarized zone on the Peruvian-Ecuadoran border was officially denied yesterday by a high-ranking Peruvian military source.

Apparently Ecuador is reacting based on the discovery of Ecuadoran heliports in the demilitarized zone. These reports, which are endorsed by aerial photographic evidence, prompted the Ecuador-Peru Military Observers Mission [MOMEP] to issue a communique.

Peru also reported violations of its airspace and, recently, the presence of at least 30 head of cattle which entails the presence of people at the Coangos watch post.

Reports from Ecuador state that these people are farmers or Shuar Indians who have moved into the zone, but the fact is they are entering a demilitarized zone.

MOMEP's request to Ecuador to clarify certain doubts that prevailed following the land inspection and the formal protests by Peru, forced Ecuador to "invent" stories about Peruvian military plans "that are only feasible in their imagination," according to the military authority.

The source added that one can hardly consider a Peruvian infiltration plan when our country, in a gesture to generate confidence, reduced the manpower at a watch post safeguarding national sovereignty.

The military official reported that MOMEP is adopting measures, which will remain secret as appropriate in this case.

Peru: Commentary Notes Need To Clarify Belarus Arms Deal

PY3003035396 Lima LA REPUBLICA in Spanish 28 Mar 96 p 6

[From the "Observer" column by Mirko Lauer: "They are Flying Low (But Biting High)"]

[FBIS Translated Text] With a single statement he made in Mexico, Alberto Fujimori acknowledged the charges and dismantled a corrupt Armed Forces operation. This is a very odd situation which prompts people to want to know something more about the almost $800 million involved in the purchase operation of air force materiel from Belarus which has now been frustrated with the stroke of a pen.

Fujimori has hastily blamed arms traffickers. Nevertheless, the LA REPUBLICA investigative unit has charged high-ranking officers because they are the ones who would have benefited from this purchase had it gone through. To blame arms traffickers in such a hasty manner seems to show there is an effort to distract people's attention from those responsible.

Congressman Victor Joy Way came out with a better explanation. He immediately endorsed his boss and hurled the ball in the court of the military. Victor Joy Way stated that the Armed Forces must explain their position. He also acknowledged that an investigation must be undertaken despite the fact that the charges made by LA REPUBLICA were thoroughly investigated.

Resorting to language filled with euphemisms, Joy Way said that the necessary secrecy "will not obstruct the holding of an investigation on alleged unclear purchases." Was he referring to the congressional oversight committee? Or does the majority party plan to summon the responsible Armed Forces members?

It is true that on other occasions Fujimori has not hesitated to conduct investigations and punish military personnel hostile to the regime. In the early 1990's he declared that Navy personnel were traitors without giving any further explanation when a business deal that was passing from one hand to the other was discovered in the Peruvian naval attache's office in Washington.

It is obvious that this time around, Fujimori is ruining a business deal for someone who holds a high-ranking Armed Forces position because such undertakings can only be conducted from important offices. The allusion to arms traffickers seems to indicate, however, that this time around, the affected Armed Forces members are not necessarily very removed from the regime.

Up to now, those who are fully involved are Victor Malca, the former defense minister (not a FAP [Peruvian Air Force] member but the current Peruvian ambassador to Mexico), and all current high-ranking officers who can exert pressure to purchase Belarussian arms. Otherwise, Fujimori would have had no need to make such an urgent, direct and public statement in Mexico to stop the transaction.

In view of the above, it is completely unnecessary to waste more paper on the issue. It is completely normal in a government run by the military, where Congress exercises no control, where state secrets constitute the normal form of operation, and where opportunistic business ethics are the law of the land, for dozens of similar cases to occur.

Up to now, this valuable investigation has produced a notorious lack of names. Perhaps the other members of the media, those congressmen who are constantly raising charges and those who are constantly moralizing about Fujimorism, will help us elucidate the puzzle of this business deal that Fujimori has destroyed in full flight (?).

Peru: Ecuadoran Envoy Views War Impact on Trade Balance

PY0204035296 Lima GESTION in Spanish 31 Mar 96 p 5

[FBIS Translated Excerpt] One year after the armed conflict with Ecuador, the trade balance between Peru and that country still has not recovered the level attained the years before the war. The vacuum left by Peruvian businessmen has been occupied by their Colombian counterparts. In an interview with GESTION, Ecuadoran Ambassador to Peru Gustavo Ruales said that the economic aspect is one of the elements that will help consolidate the peace process.

The ambassador said that according to statistics covering the period between January and September 1995, Ecuadoran exports to Peru amounted to $56 million, while its imports of Peruvian products for the same period amounted to $23.3 million.

Ruales said: "If you compare these figures with the trade before the war, you will see that we failed to sell a little more than $100 million worth of oil, but as for the import and export of other products it is more or less the same, that is, some $60 million in exports and some $50 million in imports. This, naturally, is very little compared to what it could be."

In this sense, the Ecuadoran ambassador said that the space left by the Peruvian businessmen and investors has been gradually occupied by Colombian businessmen who, during the past years, have significantly increased their presence in Ecuador.

He said that until four or five years ago, the trade balance between Colombia and Ecuador registered a level similar to that of the Peruvian-Ecuadoran trade balance. However, in 1995, when the war took place, Colombian-Ecuadoran trade surpassed $600 million. [passage omitted]

Peru: Need for Military Upgrading Debate Voiced

96SM0164A Lima CARETAS in Spanish 14 Mar 96

[Commentary by Fernando Rospigliosi from the "Controversies" column: "For the First Time" — received via Internet]

[FBIS Translated Text] The enthusiastic applause that welcomed Sixto Duran Ballen in Trujillo moved the Ecuadoran president almost to tears. In reality, he did not expect such a warm welcome, above all after the hostile reception given Alberto Fujimori by the people of Quito last year.

Up to a certain point, this reflects the situations in the two countries. A visceral animosity toward Peru persists in vast sectors of the population of Ecuador — while here, the feelings of the people are contradictory, and rather benign.

But the relations between our two countries have undergone rapid changes in recent times. The exchange of the lists of "still unresolved problems" has contributed to this. Galo Leoro, the Ecuadoran foreign minister, made a point of emphasizing this last week when he stated that "for the first time in more than fifty years, Ecuador will be discussing the impossibility of implementing the Rio de Janeiro Protocol with Peru." And he added that "the national thesis regarding this impossibility is the principal point in the exchange of lists of continuing impasses or problems regarding the common frontier. It can no longer be said that the impossibility of implementing this protocol is not a part of the negotiations."

Unfortunately, this is true. For the first time since the protocol was signed in 1942, Peru is finding itself forced to sit down to negotiate with Ecuador, with the impossibility of implementing the treaty and "free and sovereign access to the Maranon-Amazon region" as an item on the agenda.

Until the present time, the Peruvian position has been inflexible and adamant. The Rio de Janeiro Protocol put an end to the problems, with nothing remaining but the demarcation of certain short segments. If Ecuador does not want to discuss this, there is nothing to negotiate.

Nowadays Peru has had to retreat from that position and must sit down at the table with our impatient neighbors to discuss issues that were not negotiable prior to January 1995. Because it must not be forgotten that this diplomatic retreat had its origin in the military defeat suffered last year, which can no longer be concealed. For this reason, we found ourselves obliged under pressure from the guarantors to sign the Itamaraty [Brazilian Foreign Ministry headquarters] Declaration in the early morning hours of 17 February 1995. It included the term "as-yet-unresolved problems," and we are paying for the consequences now.

Minister of Foreign Relations Francisco Tudela, who has been doing the right thing, has stated that Peru will hold talks within the framework of the protocol. The problem is that Ecuador has already forced a small breach in the Peruvian defenses, and it is now trying to widen it.

This is not a matter of simply sitting down at the table and saying that we continue to maintain the same position as always. The negotiations will be carefully observed by the guarantors, who are trying to promote an agreement through "mutual concessions."

Thus the pressure exerted on Peru will probably be very intense.

The worst thing is that no solution to this problem can yet be glimpsed. Ecuador is not going to weaken in its firm purpose. That is less likely today than ever, because it has made military and diplomatic gains that it had not previously achieved. And Peru cannot yield. The talks, then, will be part of a diplomatic contest of which the outcome is uncertain.

Until the beginning of the Cenepa conflict, there was clarity and consensus about the Peruvian positions. Nowadays, things have changed, and it is uncertain precisely how to proceed in the new terrain.

The historian Pablo Macera has said that "this confrontation is the greatest misfortune in the history of the 20th century" (LA REPUBLICA, 3/4/96). In reality, for Peru this is the truth.

Macera foresaw that the tensions would last indefinitely. And in order to avoid a clash, he suggests "maintaining or regaining military superiority with regard to the whole of Ecuador (and not just a frontier sector)—a superiority that could only mean parity in global terms if we were to take into account the balance that we need in the South."

This is a concrete objective set forth in view of the new situation that merits public debate. However, neither the government nor the military leadership seems to share this intention, or to believe in the need to discuss it.

Peru: Country as Pawn in U.S. Election Alleged

96SM0192A Lima SI in Spanish 4-10 Mar 96 pp 4-15

[Interview with Jose Carlos Mariategui Arellano, former Peruvian ambassador to Chile, Brazil, and Ecuador, and former deputy foreign minister, by Marcello Gullo;

place and date not given: "Ecuador Is Planning Civilian Invasion"]

[FBIS Translated Text] United States Secretary of State Christopher made a sudden and unexpected visit to Santiago, Brasilia, and Buenos Aires. By mere chance, he chose to visit the three guarantor countries of the Protocol of Rio de Janeiro. Perhaps by chance or carelessness, he declared in Santiago that he did not come to Chile to talk about NAFTA [North American Free Trade Agreement] nor how to deal with the problem of grapes. Why this sudden need to visit Argentina, Brazil, and Chile? What brings the discreet secretary of state to these places, he who normally would not even glance at South America? What distracted his attention, always fixed on the Middle East, Europe, and Asia? What instructions did Clinton give him? What does Clinton need, that he remembers us now? These are some of the questions that passed through our mind and decided us to chat for a while with "old" Ambassador Jose Carlos Mariategui — called "old" affectionately, because for the ambassador, who carries tons of experience on his shoulders, the fruit of study and of the years he lived in Quito, Santiago, and Brasilia, the saying applies: "The devil knows a lot because he is the devil, but he knows more because he is old."

Perhaps it also helps us to understand Christopher's visit to know that reality does not consist of a simple observation of the facts — Homer said that "the fool knows only the facts" — that the reality of Peruvian-Ecuadoran relations does not consist entirely of a simple analysis of the legal instruments. Perhaps it helps us to know that we cannot refuse to make a political analysis, however shameless and cold this may seem, and that to propose a policy implies a prior interpretation of reality and, above all, an anticipation of the future. In the history of nations, fate has always been tributary to a mysterious choice between the future and the aspirations of the present.

On many occasions in the history of states, international law has been a fiction that served only a decorative function. Rousseau was pleased to write that "as for what is commonly called the law of peoples — international law — it is certain that for lack of sanctions its laws are no more than chimeras, weaker than natural law. The latter speaks to the hearts of persons, whereas for the law of peoples, where there is no more guarantee than the advantage of he who submits to it, its decisions are not respected if interest does not confirm them." To affirm this does not imply advocating the absence of limits as an ideal and a rule for the conduct of states, nor ignoring the importance of international morality, world public opinion, and international law as limitations on the power of states — but rather, imparting a realistic appraisal of the rules of the game of interaction between nations.

Starting from that premise, it becomes clear that when a powerful state needs something, it takes it; that if its president needs a diplomatic victory to help him win votes, he makes one, without troubling too much about international law, treaties, protocols, conventions, and other signed pieces of paper. If in order to do this he has to force one of the parties to renounce its unarguable legal and historic rights, what does it matter? In the hands of the powerful, pieces of paper are carried off by the winds. This is why we believe and fear that "the ghost of Leticia" visited Brasilia, Buenos Aires, and Santiago this week.

[Gullo] What analysis do you make of the Act of Itamaraty [Brazilian Foreign Ministry headquarters]?

[Mariategui] Conversations, not negotiations, are taking place between the foreign ministers of Peru and Ecuador. A series of meetings between military chiefs is also taking place in Brasilia.

In the foreign ministers' conversations, political and diplomatic subjects are being combined with military themes. This was understandable because, at the moment of armed conflict, it was necessary to deal with the two subjects simultaneously; but it seems to me now that they belong to clearly delimited areas.

For example, in the last conversation in Quito, Ecuador introduced two military subjects: the nonaggression pact, which Peru rejected as obsolete, and the withdrawal of an important number of soldiers from position PV2 [Watch Post 2], which is not in the demilitarized zone.

In addition to rejecting the nonaggression pact, Peru could have said that the subject of retiring troops from an observation post belongs exclusively to the Military Observers' Mission [MOMEP], and see what Ecuador's remaining obstacles were.

The remaining obstacles go back to the Act of Itamaraty. This document has been much criticized. It has even been demonized, but I do not completely agree with that assessment. It is true that the Act retains the terms of remaining obstacles; that its language is ambiguous; and that it can be read in two ways, one by Peru and the other by Ecuador.

The Peruvian reading is the demarcation of the portions of the border that are incomplete, and the Ecuadoran reading, currently, is the unfeasibility of the Protocol of Rio in its entirety, in order to reach or have access to the Amazon river. This is the origin of the differences in all of the conversations that the foreign ministers might have.

I do not demonize the Act of Itamaraty, because I realize that in order to reach agreement on a text during a negotiation, at a time when the conflict has not ended, one must be conscious of the political and military pressures that the negotiators undergo before reaching a written agreement.

Also, it should not be forgotten that by means of the Act of Itamaraty, Peru achieved a fundamental objective: the departure of Ecuadoran troops from Peruvian territory in the clashes on the Upper Cenepa at the beginning of 1995.

What could not be achieved through military expulsion was accomplished by diplomatic means. It is obvious that, upon being abandoned, this territory has become what is called internationally a "grey area" — in a good, novel, no-man's land; that is, at the moment neither Peru nor Ecuador have sovereignty over that territory.

Ecuador says it owns the territory, because it is not demarcated, but in reality, both traditionally and by law, it belongs exclusively to Peru. This is my analysis of the Act of Itamaraty, which is at the root of all this.

Useless Conversations

[Gullo] Should military and diplomatic matters have been connected?

[Mariategui] No, because they were two separate spheres. This interference between political and military matters can be a way of upsetting the talks. I am convinced that Ecuador's position is as stated by General Paco Moncayo, in his interview last week by the magazine SI, that these talks are going nowhere, that it is better to look for a third party with a cool head to arbitrate. That the best solution obtainable is papal arbitration. So, we already know what it is that Ecuador wants, and that basically is access to the Amazon.

In reality, the conversations are a formality between the foreign ministers, because they merely comply with the provisions of point six of the Act of Itamaraty, but neither Peru nor Ecuador believe that the conversations will serve any purpose.

The Game of the Envelopes

[Gullo] What is the game of the envelopes? Is it not a joke of Ecuador's?

[Mariategui] In what are referred to as the remaining obstacles and to the game of sealed envelopes, I believe, to start with, that Peru as well as Ecuador knows what the remaining obstacles are. Ecuadoran Foreign Minister Galo Leoro brags that he has managed to introduce among the obstacles the unfeasibility of the Protocol of Rio and that this time Peru, in accordance with what it signed in Quito, must sit down at a table with Ecuador and discuss the unfeasibility of the Rio Protocol. He is completely wrong.

One thing is to talk about the unfeasibility of specific sections of the border, which represent less than five percent of the total, and another is to talk about the unfeasibility of a perfect international instrument, which is the Protocol of Rio.

Peru can agree to discuss the unfeasibility of the section Cordillera del Condor. It can do so because there are two points of view based on one or two divortium aquarum, and it has not been possible to mark off that portion.

Hallucinatory Mapping

[Gullo] There are two lines on all the Ecuadoran maps: one that reaches the Amazon and the other that was established by the Protocol. They say that the latter line is not valid. There is a myth in the psychology of the Ecuadoran people that says that this is territory irredenta [unredeemed].

[Mariategui] The hallucinatory cartography of Ecuador brings us back to the borders of the year 1929, to Tumbes and Iquitos. This does not mean that they have any right to those territories. It has been proven by Peruvian historians that these territories are absolutely Peruvian. Therefore, the unfeasibility of a very small tract of the border that cannot be demarcated does not mean that the Protocol in its entirety is not feasible.

Peru cannot accept the unfeasibility of the Protocol of Rio. That request or affirmation has no basis in international law. On the other hand, we can discuss the sections that remain to be demarcated in order to see how we can reach a solution.

Naturally, this position of Peru's will be displeasing to the Ecuadorians, because Ecuador has as its national objective to reach the Maranon-Amazon. This is why all of its maps, actually by a law of the Ecuadoran Congress, must be published with the two lines: a very faint one, which is the Rio Protocol's line, and the other, definitive, which is the one that goes to Iquitos and the entire Amazon region. It is clear, then, that Ecuador's objective is access to the Amazon; this is an objective they have had for many years.

[Gullo] The Ecuadoran military dream of the destruction of the Protocol as the German military dreamed of the destruction of the Treaty of Versailles.

[Mariategui] That is true. In declaring that the Protocol is valid but not feasible, it is destroying the Protocol. Because that is what they want. What they want is to get us out of the framework of the Protocol of Rio, either through arbitration or by other means which we must discover. In any case, they do not accept the Protocol of Rio de Janeiro.

Poker or Chess

[Gullo] Although the Ecuadoran military dream of a military victory, this is impossible. It seems to me they have developed a theory of "encapsulated conflict," in order to oblige countries from the international community, especially the United States, to intervene in the conflict and have a third party settle the matter in Ecuador's favor.

[Mariategui] Yes. I fear that if an armed conflict on the border occurs, we will reach an abrupt end in our relations with Ecuador. To what am I referring? That in this business with Ecuador, the game is being played on two different tables.

The first table is that of the diplomatic and the military conversations. It is a poker game in which, at the moment, Peru has just paid to see. There is an expression in poker that says: "I am paying to see your cards." Peru has just paid with observation post PV2 to see the remaining obstacles, which we already know.

The other table is one we perhaps are neglecting a little, because it is a table on which chess is being played, and playing it is U.S. Secretary of State Warren Christopher with the guarantor nations.

The Foreign Ministry must be most attentive to the activities of the U.S. secretary of state. The fact that the problem of Ecuador has been raised to the highest foreign policy level of the only superpower in the world is very significant and must be kept in mind.

When the secretary of state intervenes, it is to settle matters. He intervened in the case of Palestine with an agreement, and in the case of ex-Yugoslavia with another agreement. We are not talking about midlevel officials of the Department of State here, but that the secretary of state himself is making a trip through three South American countries, which are precisely the other three guarantors of the Protocol of Rio.

It would not be surprising if the U.S. secretary of state sought the support of the guarantors for a formula that may have been worked out by Luigi Einaudi, who is the Department of State's specialist on Peruvian-Ecuadoran affairs.

What we need to know is whether this formula is within or outside the Protocol of Rio and whether it might constitute a territorial concession, something that is very possible and which Peru could never accept. That is the importance of Warren Christopher.

Clinton: Anything To Win an Election

[Gullo] How does this relate to internal politics and elections in the United States?

[Mariategui] One must remember that when the secretary of state intervenes, it is because the matter has reached the top level, as if to say the Supreme Court. Also, this coincides with the electoral period in the United States, and President Clinton needs a peacemaking triumph in South America for his campaign.

As a consequence, we could be reaching the final stage of intervention by the United States to reach a solution that must be acceptable to Peru and to Ecuador.

[Gullo] President Clinton needs a diplomatic success?

[Mariategui] Exactly, since he has achieved it in the Middle East and in Europe, with the Palestinian-Israeli problem and in ex-Yugoslavia with Bosnia-Herzegovina.

Another Leticia

[Gullo] Now, with this information, we might think that the United States could force Peru to make a territorial concession.

[Mariategui] I hope it does not happen, but within a range of possibilities it cannot be ruled out. Peru could never accept that possibility. I am sure that there would be unanimous rejection; and also, the consequences in Peruvian internal politics would be extremely grave.

[Gullo] Is it possible that, given the electoral urgency, the United States might pressure Peru into making a concession?

[Mariategui] It seems that the United States wants to finish with this matter that is annoying them, because for them it is of little importance. It is also bothersome to the other South American countries. The problem between Peru and Ecuador creates a climate of uncertainty that hurts the entire region internationally.

As a result, the most practical and pragmatic thing for them to do would be to end the problem definitively, but I hope that it is not in just any way at all.

[Gullo] The position of Argentina on the chess table seems very clear. Menem has said that he has a very close relationship with the United States. If the United States pressures Peru along those lines, Argentina will side with the United States. How do you see the positions of Argentina, Brazil, and Chile?

[Mariategui] Those countries would have to study Christopher's proposal. Study it very carefully and think basically about Peru. I do not believe that they could support a proposal that requires Peru to cede territory.

One must look a bit at the background and study it carefully. Some years ago there was another situation more or less similar to this one, with the visit of the secretary of state.

Civilian Invasion

[Gullo] What is going to happen in this zone that we call grey? What will happen with these lands that now are not occupied by anyone? While the MOMEP is there, it is a no-man's land. But afterward?

[Mariategui] When the military observers withdraw — because they will not stay there indefinitely — what will happen? These lands have to be occupied. By whom? Ecuadoran population centers are much closer than those of Peru.

We Peruvians are hours away by helicopter. They can transport and bring in their own people in trucks — mostly Indians, indoctrinated by the Ecuadoran Army to go in not with a rifle but with a flag, with their wives and children; and move into this territory, bringing in teachers and priests, and be able to say that this territory is occupied by Ecuadorians.

[Gullo] You are referring to the possibility of a "peaceful invasion" by the populace.

[Mariategui] Similar to what happens here in the poorer areas of Lima, where the people arrive with a mat and a flag. They sit down wherever they want, and then they say that no one can move them. This possibility cannot be ruled out.

[Gullo] Is Ecuador planning a civilian invasion?

[Mariategui] It is possible that it is in the minds of the people in Ecuador who plan things.

Stop Perverse Logic

[Gullo] If that happens, what would be the Peruvian reaction?

[Mariategui] It could be the cause of a new military conflict. I see it as extremely dangerous, because it would bring us abruptly to the end of the whole problem. I believe that there cannot and must not be a new conflict, because we might be providing a motive for imposing a solution on us. That is the logic.

Now, it must be remembered that there is a perverse logic that I hope does not prevail. This perverse logic is used for Chile and Ecuador. One says, for example, the territory of El Chinchorro and the wharf at Arica are not useful to us because they are not economically profitable. Some say that the forest area is a swampy zone that produces nothing.

If this perverse logic is pursued, an absurd situation could occur: territorial cession. The subject of these territories cannot be judged by pragmatic materialism. There is a patriotic sentiment that is above that, and another sentiment that is not valid, in the sense that El Chinchorro is not good for anything or the wharf at Arica is not economically useful, or the territories in the north bordering on Ecuador are not productive.

The Gold of Cenepa

[Gullo] There are gold mines close to the Cenepa basin that are being exploited by Ecuador. Is there not an Ecuadoran economic interest behind all this?

[Mariategui] We know that there are lands in the undemarcated border area where there are gold deposits, and that they have great economic potential.

Learning To Hate

[Gullo] Let us speak a little of Ecuadoran mythology, of Atahualpa, of Ecuador's arrival as far as the Amazon. What is education in Ecuador like?

[Mariategui] All Ecuadoran education from the time the children learn the alphabet to the university is based on myths. For example, the myth of the Kingdom of Quito, which never existed. It is a fable by a priest who wrote a book called "The Kingdom of Quito." Another myth is the one about the brothers Huascar and Atahualpa. Huascar is the bad Peruvian and Atahualpa is the good Ecuadorian.

At that time there was no Ecuador. There was the Inca Empire. The fable of not knowing about the charter of 1802; speaking of the treaty of 1829, when Ecuador declared its independence only in 1830. Then, later, they went on to make up a fantastic geography based on fables and myths, that our historians are now exposing in detail.

There are books, like those of Felix Denegri, Pons Muzzo or Percy Cayo, that discuss these subjects and which clearly establish that they are fables without any historical basis.

[Gullo] What influence do these fables and myths have on the minds of the Ecuadoran military?

[Mariategui] They influence not only the minds of the Ecuadoran military but of all Ecuadorians. When they teach you the alphabet at age four, if they say "a, e, i, o, u," that is fine. But if they say "a, e, i, o, u, down with Peru," that is different. It is brainwashing that all Ecuadorians have undergone with regard to that aspiration which has become a vehement national aspiration: to reach the Maranon-Amazon.

[Gullo] Hatred of Peru is instilled in the children?

[Mariategui] Yes. You have only to look through the school books and everything written on the border question. There is a sentiment of hatred, and the worst is that Ecuador achieved its national unity based on that hatred of Peru.

The Einaudi Formula

[Gullo] What is the role of Luigi Einaudi, who seems to be a great friend of the entire Ecuadoran high command?

[Mariategui] Einaudi is the U.S. Department of State's specialist on Peru-Ecuador affairs. He has written books that are not favorable to Peru.

He attends all the meetings that deal with Peru and Ecuador; he was present at the meetings in Brasilia, Rio, and all those that took place between the foreign ministers. If there is a formula, Einaudi prepared it.

[Gullo] Can we call him the great puppeteer?

[Mariategui] I try to be very objective with my descriptions, but Einaudi is the one who is behind everything on the technical level, who prepares the formula.

[Gullo] Is he a friend of the Ecuadoran generals?

[Mariategui] He has been in Lima often, at many conferences. He has come to Lima continually, to meetings of nongovernmental organizations. He knows the problem because he constantly travels to Quito and to Lima, but his views are not favorable to Peru.

[Gullo] Does not the deterioration of relations with Chile favor Ecuador indirectly?

[Mariategui] We cannot fight nor look for fights with the guarantor countries. It is not helpful at the moment. Peru's main problem today in its foreign policy is the problem with Ecuador. This is fundamental because, here, for example, we are having a petty commercial war with Chile: If I take away a piece of your land, if I expropriate your property, if the mayor of Tacna wants to expropriate the property of the Chilean consulate in Tacna, if we are going to hurt Iquique with a ban on imports of used cars — this is not what we should be doing. This is senseless.

It is useless fantasy to believe that we are going to start a petty commercial war with Chile, when Chilean investments in Peru are so important. And this year Chilean investors are authorized to invest $2 billion more from Chilean AFP's [Pension Fund Managing Companies] because of their dollar surplus. Chilean investments are channeled today primarily to Argentina and Peru. In these circumstances, to cause commercial or any other type of problems with Chile is absurd.

In its foreign policy, Peru must now concentrate on the negotiations with Ecuador and try to reach a definitive solution — which means the application of the Protocol of Rio and a ruling by Bras Dias de Aguiar. Any attempt to take the problem with Ecuador out of the Protocol framework must be rejected by Peruvian public opinion, because this is what Ecuador wants.

[Gullo] How do you anticipate that matters will evolve?

[Mariategui] I hope that the Einaudi formula will not be presented with such pressure that it has to be accepted by the parties; and therefore it has to be kept in mind that the world superpower has imposed peace on ex-Yugoslavia by means of acceptance of a formula in a U.S. barracks.

What To Do

[Gullo] Independently of what civil society might do, if this U.S. formula hypothetically was a territorial cession, what should the attitude of the Foreign Ministry be?

[Mariategui] Flat rejection.

[Gullo] Not go to the United States?

[Mariategui] That is a possibility. They could also present the formula to us in Lima; it could be presented in Lima and in Quito, which would be normal. The other would be abnormal. In these times, one cannot rule out something similar to what was done for Bosnia-Herzegovina.

[Gullo] Would it not be prudent to send special ambassadors to Buenos Aires, Santiago, and Brasilia?

[Mariategui] When I said that the Peruvian Foreign Ministry must pay close attention to this trip, they also have to be attentive. I believe that our ambassadors in those countries, in Buenos Aires, Santiago, Brasilia, and Washington, should keep the Foreign Ministry very well informed about this trip. Not only should the ambassadors and the military attaches be employed in this, but also other means, based specifically on friendships — persons who are well-disposed toward our government — which ambassadors must maintain in those countries.

Much can be learned through them that does not come through official channels, but which helps to form a very good idea of what is going on.

Nothing would be gained by sending special missions now. It makes no sense. I believe our own ambassadors must find a way to learn what is happening.

I think it was very important that Ecuador stated in a document what it considered the remaining obstacles to be, because Peru has said for years and years what it wants: application of the Protocol, Dias de Aguiar's ruling, and the demarcation of the remaining sections of the border.

There have been several theories about the Protocol in Ecuador: revision, nullification, unfeasibility, etc., with the hope of reaching the Maranon and the Amazon; but it has never stated what it wants in writing. We have never learned, for example, where Ecuador wants to come out on the Maranon-Amazon. Through the Napo, the Putumayo, the Cenepa? We have never known. Therefore, it is good to have an official document which contains all of Ecuador's requests. We know that they are going to arrive in the envelope, but it is important that Ecuador state what it wants, once and for all.

[Gullo] Has there not been a certain ingenuousness in turning over the envelopes and in the withdrawal of the troops from PV2?

[Mariategui] I believe that the foreign minister has been constrained to attend these meetings because he was obliged to do so by the mandate in point six of the Act of Itamaraty, which says that once the entire military part is ended, Peru and Ecuador will sit down to examine the remaining obstacles. Therefore, point six of the mandate of Itamaraty is being complied with.

[Gullo] Then why is it being said that this was a success?

[Mariategui] The public relations aspect is completely different. I do not believe it was a success. It was simply compliance with the obligation imposed by the sixth point of the Act of Itamaraty.

[Gullo] In Ecuador, they say that there is a good thief and a bad thief.

[Mariategui] There is a saying in Ecuador: Ecuador is crucified between two thieves: the good one, which is Colombia, and the bad one, Peru.

[Gullo] There are a number of valleys that used to be Ecuadoran and now belong to Colombia.

[Mariategui] You can look it up in the history books. For example, Pasto, Popayan and Puerto Buenaventura on the Atlantic used to belong to Ecuador and are now Colombian. Nevertheless, Ecuador's claim is specifically on Peru.

Uruguay

Uruguay: Argentina, Uruguay Supply Meat Exports to Egypt

PY0104172296 Madrid EFE in Spanish 1947 GMT 31 Mar 96

[FBIS Translated Text] Montevideo, 31 Mar (EFE) — Increased meat exports to Egypt is the first consequence perceived by producers following the problems generated by mad cow disease, which is affecting Great Britain, and restrictions on the European market.

Egypt, a traditional importer of Uruguayan meat, has been substituting its supply of meat with European products due to lower costs.

Ragi Sami, of Mirasco Uruguay S.A. — an enterprise that supplies Egypt with meat products — said in Montevideo that his country has requested 2,000 tons per month, to a total of 14,000 tons, and is studying the possibility of purchasing live cattle.

Ragi reported that Egypt banned the import of meat, hides, and other animal products from the EU in order to prevent an outbreak of bovine spongiform encephalopathy, which is known as mad cow disease.

The same source said Argentina and Uruguay will supply meat to Egypt, which consumes some 12,000 tons per month.

Egyptians also consume between 3,000 and 4,000 tons of bovine livers per month that they import from the United States.

Egypt imports livestock, cattle, and sheep, to the tune of 70,000 tons a year.

The meat Uruguay exports to Egypt comes from animals slaughtered using the Islamic rite of bleeding the animal to death.

Venezuela

Venezuela: Finance Minister Cited on Budget Proposal

PA3003010796 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 27 Mar 96 p 15

[Report by Carolina Hidalgo]

[FBIS Translated Text] Speaking before the general assembly of the Inter-American Development Bank (IDB) in Buenos Aires yesterday, Finance Minister Luis Raul Matos Azocar said the 1996 budget proposal is a fundamental factor in lowering the fiscal deficit, because it presents a new way of organizing expenditures.

The minister's remark could sound contradictory particularly because of the possibility of adjusting the 1996 budget.

Matos Azocar remarked on the importance of the IDB's financing to accomplish the strategies established in the Venezuela Agenda.

He said the Venezuela Agenda includes programs that rely on IDB contributions to support eventual quick disbursement operations with a view to increasing the financing of social programs, strengthening the financial system, and continuing low level operations to finance environment cleanup proposals and to strengthen public sector institutions.

He also said the Venezuelan strategy intends to lower the fiscal deficit to 2 percent of the GNP through a combination of measures that include the expansion of the fiscal reform initiated in 1994, for which Congress is considering several proposals.

As factors to lower the fiscal deficit he mentioned in addition to the 1996 budget the privatization process of the public enterprises, through which it has been possible to close negotiations and to place in the market the remaining shares of CANTV [National Telephone Company of Venezuela] and the oil opening process, which has already started its first international bidding.

He said "the crisis has started to be overcome." For this, he mentioned several indicators, including the fact that the economy grew by 2 percent of the GNP in 1995 after two years of negative growth.

At Miraflores Palace, Education Minister Antonio Luis Cardenas has said the budget adjustment approved by Congress' Finance Commission implies that an additional credit is necessary to provide the 70 billion bolivares offered to professors.

The minister met with President Rafael Caldera for one hour outside the agenda yesterday to assess the outcome of a crisis that has paralyzed the secondary schools of the entire country for three weeks because the government's most recent offer fails to meet the professors' expectations.

Cardenas has said his office does not even have the 70 billion bolivares to pay for this labor offer, because this amount is included in the 1996 budget proposal.

The minister has said that if the budget is adjusted his ministry would have to ask Congress for an additional credit, the approval of which depends on there being sufficient resources available at the National Treasury to back the request, just as the Public Credit Law stipulates.

Cardenas has said that the possibility of ordering the professors to resume activities if a month of classes is lost has not been ruled out but that efforts are being made to use all possible conciliatory resources.

Venezuela: Naval Commander on Self-Sufficiency, Savings

PA3103154296 Caracas EL UNIVERSAL in Spanish 29 Mar 96 p 1-13

[Report by Berenice Gomez Velasquez]

[FBIS Translated Text] Caracas — Vice Admiral Jesus Briceno Garcia, commander general of the Navy, stated: "In the last three months we have saved the public treasury 1 billion bolivares in repairs at the Navy's maintenance centers."

He also offered to announce in the near future the amount of money earned by using operating capabilities to the fullest.

The highest-ranking naval officer in the country spoke briefly with reporters following a modest ceremony in which technological agreements to carry out research projects were signed with the Venezuelan Scientific Research Institute, IVIC; the National Armed Forces University Polytechnic Institute [Instituto Universitario Politecnico de las Fuerzas Armadas Nacionales], IUPFAN; and the National Polytechnic Experimental University [Universidad Experimental Nacional Politecnica], Unexpo.

In addition to rendering its services, the Venezuelan Navy is in charge of provisions, operations, fulfillment of its mission and training, scientific research, technological development plans in its modern maintenance centers — where it provides maintenance, repairs, and industrial designs with various materials and equipment for its weapons systems. Hence, the officers and noncommissioned officers who have carried out the most outstanding work every year receive awards on the Navy's anniversary.

Vice Admiral Jesus Briceno Garcia was accompanied by the Navy high command, IUPFAN Director Rear Admiral Briceno, the IVIC and Unexpo representatives, and Captain Conrado Ramirez Aliendres, who explained what the agreements involve.

Vice Admiral Briceno Garcia said: "This important ceremony reiterates the self-sufficiency policy with an important technological step through the Navy's Investigation and Development directorate.

"It means that three education centers in the country are capable of planning and carrying out repairs and maintenance, at different levels, of the Navy's equipment and weapons systems.

"Previously, testing equipment had to be purchased abroad at an extremely high cost and this could lead to excessive expenditures."

For our reader's information, the testing equipment is very expensive gear that has all the necessary implements and accessories to verify an equipment's work, behavior, and efficiency — for example radio systems.

The military commander added: "Because of this agreement, we can now manufacture them in these research universities and institutes, and thus allow repairs at a very low cost. We consider that this is precisely the basics of self-sufficiency."

"This will allow the Navy to cut costs and we are committed, with the country and our people, to cut costs and help solve the critical economic problem that currently prevails; but the Navy will try to improve its operational readiness."

He also said that this agreement will facilitate the maintenance and repair of "kits" [preceding word in English], equipment, or implements, used in the Coast Guard boats, through the research system for drug abuse, to help solve this critical problem in the country.

Another positive aspect of this agreement, Vice Admiral Briceno Garcia explained, will be the maintenance and repair of an expensive piece of equipment: the "night vision" in the Navy Corps' Urutu tanks. This tacitly proves the joint effort exerted between the admiralty and its crews to achieve self-sufficiency.

[Gomez] What is the Navy doing to fill the void left by the Merchant Marines, which is virtually extinct?

[Briceno] We have an autonomous institute called Ocamar, a maritime communications line that is trying again to fulfill our duty of supporting the Merchant Marines with our full professional efforts by transporting merchandise to the eastern Caribbean via some of our cargo vessels.

We are also integrating Merchant Marine officers into the Navy through cooperation agreements. There is a Merchant Marine liaison officer in the Navy Staff, and we are adopting a number of steps by the express orders of the president of the Republic.

[Gomez] What about the Navy purchase of 12 launches, including patrols boats and frigates, to cover the area outside the 12-mile limit?

[Briceno] The procedure to obtain public credit involves many steps, but thanks to our experts much progress has been made. Approval will be in the hands of the finance minister after sending this credit request to the chambers of Congress. We trust it will be approved, because the Navy needs these launches to cover our 752-square km of sea.

Finally, Vice Admiral Jesus Briceno Garcia noted that the establishment of joint ventures is among the Navy's main goals.

Strategic associations involve the signing of agreements with foreign countries or companies that can contribute sufficient capital to develop Dianca Dikes and Shipyards into South America's most important shipyard, which could produce a lot of dollars through major repairs and upkeep of major official and private vessels of any country thanks to the technical knowledge of its employees.

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